

COUNTY OF SARATOGA, NEW YORK
Financial Statements and
Supplemental Information
December 31, 2014
(With Independent Auditors' Report)

COUNTY OF SARATOGA, NEW YORK

Contents

	<u>Page</u>
Independent Auditors' Report	1 - 3
Management's Discussion and Analysis	4 - 8
Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	9
Statement of Activities	10
Fund Financial Statements:	
Balance Sheet - Governmental Funds	11
Reconciliation of the Total Fund Balances in the Governmental Funds to the Statement of Net Position	12
Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	13
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Change in Net Position in the Statement of Activities	14
Statement of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	15
Statement of Net Position - Proprietary Funds and Internal Service Fund	16
Statement of Revenue, Expenses, and Changes in Net Position - Proprietary Funds and Internal Service Fund	17
Statement of Cash Flows - Proprietary Funds and Internal Service Fund	18
Statement of Fiduciary Net Position - Fiduciary Funds	19
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	20
Notes to Financial Statements	21 - 59
Supplemental Information:	
Balance Sheet - Non-Major Governmental Funds	60
Statement of Revenue, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds	61
Required Supplemental Information - Schedule of Funding Progress - Other Postemployment Benefits	62

INDEPENDENT AUDITORS' REPORT

Chairman and Board of Supervisors
County of Saratoga, New York:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Saratoga, New York as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents. We did not audit the financial statements of Saratoga County Industrial Development Agency and Saratoga County Water Authority which collectively represent 100% of the assets, net position, and revenues of the discretely presented component units.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Saratoga County Industrial Development Agency and Saratoga County Water Authority which collectively represent 100% of the assets, net position, and revenues of the discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for Saratoga County Industrial Development Agency and Saratoga County Water Authority, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express

no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Saratoga, New York, as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other postemployment benefits - schedule of funding progress on pages 4 to 8 and 62, respectively be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Saratoga, New York's basic financial statements. The supplemental information listed in the table of contents is presented for purposes of additional analysis and are not a required part of the basic financial statements. This information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us. In our opinion, based on our audit, the procedures performed as described above, the supplemental information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated July 21, 2015, on our consideration of the County of Saratoga's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the County's internal control over financial reporting and compliance.

Toski & Co., CPAs, P.C.

Williamsville, New York
July 21, 2015

COUNTY OF SARATOGA, NEW YORK

Management's Discussion and Analysis

EXECUTIVE SUMMARY

While there are economic pressures from insufficient reimbursement of costs associated with Federal and State mandated centralized social engineering programs, increasing inflation, and central planning policies such as health insurance requirements, Saratoga County maintains a conservative financial approach.

For many years, Saratoga County has had a growing property and sales tax base, and tight fiscal management which allowed it to face ever increasing costs, other expanding Federal and New York State mandates, and the ups and downs of the business cycle, without tax rate increases. Now, the short to mid-range fiscal outlook is guarded. The U.S. and the State economies are strained due to ongoing high unemployment with workers who no longer are seeking employment, as well as a deep recession which has continued since 2008. It is a challenge for the County to remain economically sound and continue to prosper.

Finances have leveled off. Real property taxable full valuation of the County has increased in 2014 by 1.59%, to \$23,323,255,347. In the last decade, 2004 to 2014, the real property taxable full valuation of the County has increased by 93.68% from \$12,041,967,109. The level of taxation in 2014 was 18.5% of the County's constitutional tax limit. The 2014 equalized full value tax rate of \$2.2848. Property tax revenues for 2014 decreased from 2013 by 4.982%. The 2013 sales tax revenue increased from 2013 by 3.782%. The County's government-wide net position decreased by \$5,078,822. This was caused primarily by the recognition of additional other postemployment benefit (OPEB) expenses of \$13,681,183 in 2014.

COUNTY OF SARATOGA'S ECONOMY

The County, located in the upper Hudson Valley and foothills of the Adirondack Mountains, is part of the Census Bureau's Albany-Schenectady-Troy Standard Metropolitan Statistical Area. The County's 814 square miles include the cities of Saratoga Springs and Mechanicville, the incorporated villages of Ballston Spa, Corinth, Galway, Round Lake, Schuylerville, South Glens Falls, Stillwater, Victory, and Waterford, and nineteen townships.

The 2010 census officially records the County population at 219,607. Approximately 61.27% of the population is between the ages of 20 and 65. The County-wide median age is 40.9 years. The population over 18 years of age is 77.3% of the total population, or 169,751 individuals. Of that population 48.59% are male while 51.41% are female.

The average household size is 2.44 individuals. The owner-occupied housing units contain 76.39% of the County population.

Agriculture and tourism have been, historically, the County's largest industries. Now, manufacturing is the fastest growing segment of its economy. The largest manufacturer in Saratoga County is Global Foundries, now employing over 2,800. The Global Foundries facilities cover approximately 2,584,000 square feet including 390,000 square feet of clean room. One specialized facility for energy and propulsion research is located within the County. The Kesselring Site, located in the Town of Milton, is a training site for Navy personnel on nuclear propulsion systems for naval vessels. Economic impact from the site for the region is over \$855 million.

COUNTY OF SARATOGA, NEW YORK
Management's Discussion and Analysis, Continued

Momentive Performance Materials (formerly GE Silicones) employs approximately 1,000. Other nationally recognizable employers include Quad/Graphics, Ball Metal Container, State Farm Insurance, and the Target and Ace Hardware distribution centers.

COUNTY OF SARATOGA GOVERNMENT SERVICES

Saratoga County government services are those typically provided by New York State counties. Much of any county's operation and finances are mandated by the State, and little flexibility or discretion is left to individual counties. In the case of Saratoga, well over 75% of its general revenues are used to comply with State mandates.

The services provided by County government are accounted for through a General Fund and five Special Purpose Funds, two of which are Enterprise Funds. Through a separate fund, the County insures itself and most municipalities in the County for workers' compensation. Other services are provided by entities related to the County: the Saratoga County Industrial Development Agency, the Saratoga County Soil and Water District, the Saratoga County Water Authority and the Saratoga Lake Improvement District.

The County is also the custodian of a wide variety of funds held for the benefit of others. To the extent that these funds are in the custody of the County Treasurer, they are accounted for in a Trust and Agency Fund and have been included in the fund-basis financial statements (but generally excluded from the entity-wide statements, as prescribed by the Governmental Accounting Standards Board).

The maintenance of the County's 99 bridges and 360 miles of highway are accounted for in two of the Special Purpose Funds at a total "modified accrual" cost. In 2014, \$24,697,168 was expended which is an increase from the previous year by \$725,486. \$15,652,245 was provided by Saratoga County taxpayers. That also was a decrease from 2013 by \$1,734,641. Another Special Purpose Fund accounts for the County's employment and training activities to the extent that they are paid for with Federal funds under the Work Force Investment Act. During 2014, \$1,083,810 was expended and reimbursed by the Federal government.

Activities of the County's Sewer District that serves the southern and eastern portions of the County are accounted for in one of the County's Enterprise Funds. The Sewer District received sewage from greater than 72,000 "equivalent domestic units," through a 320-mile collector system and treated it at a 43.4 million-gallon/day treatment plant. The 2014 cost of the Sewer Fund was \$14,738,032 with revenues of \$16,516,501.

Maplewood Manor was operated, in 2014, as an enterprise fund of the County of Saratoga due to its business like model. The facility is a 277 bed, skilled nursing operation which provides rehabilitation services and skilled nursing care. For the year ended December 31, 2014, overall operating revenue decreased to \$17,431,670 from \$18,761,732 at December 31, 2013. Overall operating expenses increased to \$28,542,285 in 2014 compared to \$26,414,785 in 2013. There was a \$5,159,000 Inter-Governmental Transfer funding accrued in 2014. The payment of the 2013 accrued IGT, in the amount of \$8,390,390 was received in June 2014, plus an additional receipt of \$7,274,750. In 2014, the County did not subsidize the nursing home. The net deficit position increased from \$17,855,914 at December 31, 2013 to \$23,277,021 at December 31, 2014. The operation is bankrupt.

COUNTY OF SARATOGA, NEW YORK
Management's Discussion and Analysis, Continued

The facility continued to lose substantial amounts of money due to both the cost of operations and the inability of the federal government, through its Medicaid program, to cover costs of operations. The Medicaid program covers about half of the daily costs per patient. Therefore, Maplewood Manor has been unable to be a going concern. It would need to rely on an ever increasing subsidy from the General Fund, which is substantially funded by property tax payers in the county, a majority of whom receive no benefit from the enterprise fund.

Many changes were implemented at Maplewood during 2012 and continued into 2014. The Board of Supervisors tightened the admission policy due to increasing bad debt and a need to stanch the financial losses. With this more exacting policy, the admission process was more methodical, and due to the lower admissions rate, it was decided to close a forty bed unit and consolidate the workforce to other units. The forty bed unit was closed to cut daily losses. However, due to the imminent sale of the facility, the New York State Department of Health mandated the opening of the 40 bed wing and hiring the requisite staff. This contributed to increased expenses in 2014.

Because of the financial issues at Maplewood Manor the Board of Supervisors decided, in 2012, to sell the complex. January 1, 2013, Maplewood Manor Local Development Corporation was created to enhance the County's ability to complete a sale in a timely manner and get the best value out of that transaction. In addition, the LDC has the ability to issue bonds, if necessary, to help fund the organization during the privatization process, which is an option the General Fund is proscribed from pursuing. The County can no longer continue to subsidize the nursing home at a cost of millions of dollars each year. In December 2013, the County entered into a purchase and sale agreement with a buyer and, on February 1, 2015, the operation of the facility was turned over to Saratoga Center for Care, LLC.

The wide variety of the remaining services provided by County government are accounted for in the County's General Fund, including financial assistance to the poor and social services to the poor, the elderly, veterans, children at risk and children in general; public safety services such as a sheriff's road patrol, fire and other emergency response coordination and communications, a jail, and an animal shelter; education funding to those attending community college and to preschool children with special needs; health services to the general public in the form of public health service and mental health coordination and individual care in the form of home health care and mental health services; promotion of agriculture and tourism and other economic development activities; and services to the court system including prosecution (District Attorney), recordkeeping (County Clerk), the holding of bail and other court funds (County Treasurer), and a variety of other services. Other services to the public include the preservation and cataloging of important documents (County Clerk and Historian), motor vehicle offices, consumer protection, and environmental and forestry management. The County serves the public and other levels of local government through the Planning Board, the Board of Elections, Real Property Tax Service, and the tax collection services of the County Treasurer. These services, together with the County's administrative costs and a small number of grants to community, historical, and cultural organizations, are provided at a total "modified accrual" cost. For the year ended December 31, 2014, the General Fund expended \$218,996,839 and the general tax revenue amounted to \$51,586,039.

COUNTY OF SARATOGA, NEW YORK
Management's Discussion and Analysis, Continued

Many of these services are mandated by New York State and in several areas the expenditures themselves are mandated, with the County having little or no control over the expenditure level. In most cases, the County receives State and/or Federal reimbursement for some, but not all, of those expenditures.

ANALYSIS OF THE COUNTY'S BUDGET AND FUND-BASIS FINANCES IN 2014

The 2014 General Fund budget included \$13,788,477 in net transfers to other funds. Of the County's two Enterprise Funds, the Sewer District had an operating gain of \$1,778,469, while Maplewood Manor had an operating loss of \$11,110,615. The gain is primarily from the recognition of an increase of \$705,506 for rents and charges for sales and services. This loss is primarily from the recognition of \$2,709,728 for additional OPEB expense in 2014 and Medicaid reimbursement does not reimburse more than 55% of the daily bed cost.

The County's actual expenditures in the General Fund during 2014 were \$4,293,287 under the revised budget amount. Revenue was exceeded by the revised budget by \$8,131,712.

ANALYSIS OF THE COUNTY'S CAPITAL INVESTMENT AND BONDED INDEBTEDNESS

The County's investment, including Maplewood Manor, in capital assets at the end of 2014 is as follows:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Debt</u>	<u>Net</u>
Land	\$ 4,864,856	-	-	4,864,856
Buildings	227,599,066	104,223,940	64,785,000	58,590,126
Machinery and equipment	37,043,923	26,630,452	-	10,413,471
Roads and bridges	98,649,317	42,382,733	-	56,266,584
Sewer infrastructure	77,960,531	39,888,894	-	38,071,637
Work-in-progress	<u>11,733,105</u>	<u>-</u>	<u>9,105,000</u>	<u>2,628,105</u>
Totals	\$ <u>457,850,798</u>	<u>213,126,019</u>	<u>73,890,000</u>	<u>170,834,779</u>

ANALYSIS OF COUNTY'S GOVERNMENT-WIDE FINANCIAL POSITION DURING 2014

During 2014, the County's government-wide net position increased by \$80,178. Governmental activities net position increased by \$80,051. Business-type activities increased net position by \$127.

FUTURE PROSPECTS FOR THE COUNTY'S FINANCES

Maplewood Manor's fiscal condition continued to drain the County's very good fiscal position. However, the operations of Maplewood Manor were transferred to another party on February 1, 2015, which will relieve this condition.

COUNTY OF SARATOGA, NEW YORK
Management's Discussion and Analysis, Continued

The recognition, beginning in 2008, of other postemployment benefit liabilities has had a negative effect on the County's net assets. The County has maintained a health insurance program for its retirees and the calculation of the present value of that promise will induce some substantial reductions in net assets. In spite of the Maplewood drain, the County's financial position and its prospects for near-term revenue growth provide it with an opportunity to responsibly fund this promise over several decades.

Growth is, of course, both an opportunity and a challenge. Saratoga County will continue to seize that opportunity and meet that challenge. The development of fabrication industries in the County will bring employment opportunities along with revenue growth. People continue to move into Saratoga County from neighboring counties. We can expect near economic stability that others will not.

REQUESTS FOR INFORMATION

Additional information about the County's financial statements may be obtained from the Saratoga County Treasurer's Office, County Municipal Center, Building 1, 40 McMaster Street, Ballston Spa, New York 12020.

COUNTY OF SARATOGA, NEW YORK
Government-Wide Financial Statements
Statement of Net Position
December 31, 2014

	Primary Government			Component Units		
	Governmental	Business-		Saratoga	Saratoga	
	Activities	Type	Total	County	County Water	Total
	Activities	Activities	Total	IDA	Authority	Total
Assets:						
Cash and equivalents	\$16,298,729	18,115,638	34,414,367	3,944,661	904,929	4,849,590
Receivables, net of allowance for uncollectibles	22,158,576	1,752,069	23,910,645	850,260	1,172,871	2,023,131
Intergovernmental transfers receivable	-	5,159,000	5,159,000	-	-	-
Due from other governments	48,135,211	439,073	48,574,284	-	-	-
Due from other activities and funds	7,778,671	390,136	8,168,807	-	-	-
Inventories	1,202,600	69,387	1,271,987	-	-	-
Prepaid expenses	3,837,641	167,284	4,004,925	-	47,698	47,698
Restricted assets:						
Cash and equivalents	7,861,845	117,253	7,979,098	-	6,219,301	6,219,301
Resident assets	-	128,909	128,909	-	-	-
Capital assets, net of accumulated depreciation	110,761,146	133,963,633	244,724,779	168,138	71,326,177	71,494,315
Total assets	218,034,419	160,302,382	378,336,801	4,963,059	79,670,976	84,634,035
Liabilities:						
Accounts payable and other current liabilities	11,379,615	1,842,311	13,221,926	1,950	1,341,881	1,343,831
Due to other governments	23,786,373	-	23,786,373	-	7,772,713	7,772,713
Due to other activities and funds	7,273,403	3,933,134	11,206,537	-	-	-
Accrued compensated absences	2,680,818	694,712	3,375,530	-	10,781	10,781
Resident funds and security deposits	-	246,162	246,162	-	-	-
Retainage payable	-	563,373	563,373	-	-	-
Long-term liabilities:						
Due within one year	2,630,000	2,520,000	5,150,000	-	525,000	525,000
Due in more than one year	10,725,000	58,015,000	68,740,000	-	47,208,527	47,208,527
Self insured claims payable	17,787,744	-	17,787,744	-	-	-
Other postemployment benefits liability	117,517,270	39,443,379	156,960,649	-	65,084	65,084
Total liabilities	193,780,223	107,258,071	301,038,294	1,950	56,923,986	56,925,936
Deferred inflows of resources - aggregated deferred inflows	12,692,837	408,732	13,101,569	-	92,225	92,225
Net position:						
Net investment in capital assets	97,406,146	73,428,633	170,834,779	168,138	20,040,775	20,208,913
Restricted	-	-	-	-	6,219,301	6,219,301
Unrestricted (deficit)	(85,844,787)	(20,793,054)	(106,637,841)	4,792,971	(3,605,311)	1,187,660
Total net position	\$11,561,359	52,635,579	64,196,938	4,961,109	22,654,765	27,615,874

See accompanying notes to financial statements.

COUNTY OF SARATOGA, NEW YORK
Government-Wide Financial Statements
Statement of Activities
Year Ended December 31, 2014

Functions/Programs	Program Revenue				Net (Expenses) Revenue and Changes in Net Position		
	Expenses	Charges for Services		Capital Grants and Contributions	Primary Government		
		Operating Grants and Contributions	Operating Grants and Contributions		Governmental Activities	Business-type Activities	Component Units
Governmental activities:							
General government support	\$ 85,111,098	8,763,932	6,214,936	-	(70,132,230)	-	(70,132,230)
Education	17,633,241	-	5,275,455	-	(12,357,786)	-	(12,357,786)
Public safety	38,329,961	2,066,387	648,492	-	(35,615,082)	-	(35,615,082)
Health	17,258,835	4,504,810	6,836,753	-	(5,917,272)	-	(5,917,272)
Transportation	18,660,065	408,157	6,064,594	212,391	(11,974,923)	-	(11,974,923)
Economic opportunity and development	67,711,164	1,056,799	20,420,678	-	(46,233,687)	-	(46,233,687)
Culture and recreation	1,223,620	567,492	86,797	-	(569,331)	-	(569,331)
Home and community services	3,157,243	22,500	128,204	578,090	(2,428,449)	-	(2,428,449)
Interest on long-term debt	711,107	-	-	-	(711,107)	-	(711,107)
Total governmental activities	249,796,334	17,390,077	45,675,909	790,481	(185,939,867)	-	(185,939,867)
Business-type activities:							
Maplewood Manor	28,542,285	17,431,670	-	-	-	(11,110,615)	(11,110,615)
Sewer District	14,738,032	16,044,341	-	-	-	1,306,309	1,306,309
Total business-type activities	43,280,317	33,476,011	-	-	-	(9,804,306)	(9,804,306)
	\$ 293,076,651	50,866,088	45,675,909	790,481	(185,939,867)	(9,804,306)	(195,744,173)
Component unit:							
Saratoga County Water Authority	6,755,076	3,830,274	-	-	-	-	(2,924,802)
Saratoga County Industrial Development Agency	\$ 111,590	57,727	-	-	-	-	(53,863)
General revenue:							
Real property tax and related tax items					56,448,473	-	56,448,473
Non-property tax items					115,188,733	-	115,188,733
Intergovernmental transfers					-	12,433,750	12,433,750
Sales of property and compensation for loss					3,213,987	432,237	3,646,224
Interest earnings					1,614,543	3,711	1,618,254
Other general revenue					3,387,953	39,923	3,427,876
Contributed capital assets					-	3,642,765	3,642,765
Loss on disposal of assets					-	(581,724)	(581,724)
Net transfers					6,166,229	(6,166,229)	-
Total general revenue and transfers					186,019,918	9,804,433	195,824,351
Change in net position					80,051	127	80,178
Net position at beginning of year					11,481,308	52,635,452	64,116,760
Net position at end of year					\$ 11,561,359	52,635,579	64,196,938
							27,615,874

See accompanying notes to financial statements.

COUNTY OF SARATOGA, NEW YORK
Fund Financial Statements
Balance Sheet - Governmental Funds
December 31, 2014

	<u>General</u>	Capital Projects <u>Fund</u>	Non-major Governmental <u>Funds</u>	<u>Total</u>
Assets:				
Cash and equivalents	\$13,856,046	2,003,669	92,631	15,952,346
Taxes receivables, net of allowance for uncollectibles	17,560,245	-	-	17,560,245
Receivables from other governments	35,912,478	-	2,216,944	38,129,422
Other receivables	4,063,654	-	366,415	4,430,069
Inventories	42,357	-	-	42,357
Prepaid expenses	1,374,987	-	-	1,374,987
Due from other funds	<u>6,594,528</u>	<u>234,567</u>	<u>948,690</u>	<u>7,777,785</u>
Total assets	<u>\$79,404,295</u>	<u>2,238,236</u>	<u>3,624,680</u>	<u>85,267,211</u>
Liabilities, Deferred Inflows, and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	9,029,120	10,000	1,621,622	10,660,742
Due to other governments	23,786,373	-	-	23,786,373
Due to other funds	<u>5,477,443</u>	<u>523,333</u>	<u>1,233,968</u>	<u>7,234,744</u>
Total liabilities	<u>38,292,936</u>	<u>533,333</u>	<u>2,855,590</u>	<u>41,681,859</u>
Deferred inflows of resources - aggregated deferred inflows	<u>23,217,881</u>	<u>-</u>	<u>6,047</u>	<u>23,223,928</u>
Fund balances:				
Non-spendable	1,417,344	-	-	1,417,344
Restricted	-	-	60,026	60,026
Assigned - appropriated	1,413,500	-	-	1,413,500
Assigned - unappropriated	-	1,704,903	703,017	2,407,920
Unassigned	<u>15,062,634</u>	<u>-</u>	<u>-</u>	<u>15,062,634</u>
Total fund balances	<u>17,893,478</u>	<u>1,704,903</u>	<u>763,043</u>	<u>20,361,424</u>
Total liabilities, deferred inflows, and fund balances	<u>\$79,404,295</u>	<u>2,238,236</u>	<u>3,624,680</u>	<u>85,267,211</u>

See accompanying notes to financial statements.

COUNTY OF SARATOGA, NEW YORK
Reconciliation of the Total Fund Balances in the
Governmental Funds to the Statement of Net Position
December 31, 2014

Total fund balances in the fund financial statements for the Governmental Funds	\$ 20,361,424
This amount differs from the amount of net position shown in the statement of net position for governmental activities due to the following:	
Capital assets are included as assets in the government-wide statements and are added, net of accumulated depreciation.	110,761,146
Payments for retirement system contributions covering the period January 1, 2015 to March 31, 2015 are recognized as prepaid expenses, a current asset in the government-wide statements, net of \$3,575 reported in the internal service fund.	2,459,079
Levied but uncollected real property taxes reported as deferred inflows in the Governmental Fund financial statements and collection of prior year taxes are recognized as revenue and additions to net position in the government-wide statements.	5,900,179
Compensated absences expensed as paid in governmental fund statements, expensed as incurred in entity wide statements, and reflected as liability on statement of net position.	(2,680,818)
Revenue that was earned, measurable but not available is recorded as revenue in the government-wide financial statements.	4,666,036
Significant inventories of materials and supplies are included in the government-wide statements as current assets.	1,160,243
Long-term debt accrued interest	(55,706)
Other postemployment benefits liability, net of \$300,109 reported in the internal service fund.	(117,217,161)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(13,355,000)
Internal service fund net position is reported in the governmental funds.	<u>(438,063)</u>
Total net position of the governmental activities	<u>\$ 11,561,359</u>

See accompanying notes to financial statements.

COUNTY OF SARATOGA, NEW YORK
Fund Financial Statements
Statement of Revenue, Expenditures, and Changes in Fund Balances -
Governmental Funds
Year Ended December 31, 2014

	<u>General</u>	<u>Capital Projects Fund</u>	<u>Non-major Governmental Funds</u>	<u>Total</u>
Revenue:				
Real property taxes	\$51,586,039	-	-	51,586,039
Other real property tax items	4,910,035	-	-	4,910,035
Non-property taxes	115,188,733	-	-	115,188,733
Departmental income	11,847,610	-	880	11,848,490
Intergovernmental charges	2,446,163	-	287,830	2,733,993
Use of money and property	423,172	3,656	1,176,016	1,602,844
Licenses and permits	27,142	-	-	27,142
Fines and forfeitures	327,045	-	162,182	489,227
Sale of property and compensation for loss	2,626,028	-	587,959	3,213,987
Miscellaneous	2,918,404	-	291,627	3,210,031
State aid	21,500,198	-	2,416,511	23,916,709
Federal aid	13,712,992	-	4,705,805	18,418,797
Total revenue	<u>227,513,561</u>	<u>3,656</u>	<u>9,628,810</u>	<u>237,146,027</u>
Expenditures:				
General government support	78,586,907	628,944	-	79,215,851
Education	17,635,369	-	-	17,635,369
Public safety	33,250,083	-	777,409	34,027,492
Health	16,101,384	-	-	16,101,384
Transportation	425,027	-	24,049,927	24,474,954
Economic opportunity and development	64,506,444	-	1,083,810	65,590,254
Culture and recreation	1,130,491	-	-	1,130,491
Home and community service	4,101,342	-	-	4,101,342
Debt service	3,259,792	-	-	3,259,792
Total expenditures	<u>218,996,839</u>	<u>628,944</u>	<u>25,911,146</u>	<u>245,536,929</u>
Other financing sources (uses):				
Interfund transfers in	7,135,792	-	15,652,245	22,788,037
Interfund transfers out	<u>(15,652,245)</u>	<u>(969,563)</u>	<u>-</u>	<u>(16,621,808)</u>
Total other financing sources (uses)	<u>(8,516,453)</u>	<u>(969,563)</u>	<u>15,652,245</u>	<u>6,166,229</u>
Net change in fund balances	269	(1,594,851)	(630,091)	(2,224,673)
Fund balances at beginning of year	<u>17,893,209</u>	<u>3,299,754</u>	<u>1,393,134</u>	<u>22,586,097</u>
Fund balances at end of year	<u>\$17,893,478</u>	<u>1,704,903</u>	<u>763,043</u>	<u>20,361,424</u>

See accompanying notes to financial statements.

COUNTY OF SARATOGA, NEW YORK
Reconciliation of the Statement of Revenue, Expenditures, and
Changes in Fund Balances of the Governmental Funds to the
Change in Net Position in the Statement of Activities
Year Ended December 31, 2014

Net change in fund balances shown for total Governmental Funds \$ (2,224,673)

This amount differs from the change in net assets of governmental activities shown in the statement of activities because of the following:

Capital outlays for acquisition of capital assets are recorded in Governmental Funds as expenditures. However, in the statement of activities, costs of those assets are allocated over their estimated useful lives and reported as depreciation expense. This amount represents the differences between expenditures for acquisition of capital assets and depreciation expense for the period.

Expenditures for acquisition of capital assets, net of disposals of \$23,373	\$8,325,076	
Depreciation expense	<u>(2,717,083)</u>	5,607,993

Revenue that was earned and measurable, but not available, is recorded as revenue in the government-wide financial statements.		3,563,226
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Collections of prior year real property taxes and other revenue are shown as deferred revenue in the prior year and current year revenue in the year collected. This amount represents collections of prior year unpaid taxes and other revenue received in 2014 that are deducted from revenue in the government-wide financial statements.		(47,601)
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Expenditures for inventory within certain Governmental Funds are recorded as expenditures when paid. In the statement of activities, these costs are allocated over the time periods the items are consumed.		311,868
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The annual payment for retirement system contributions is billed in advance for the payroll period April 1 to March 31. In the Governmental Funds, these contributions are shown as expenditures when the payment is due, which initially is December 15. In the statement of activities, these costs are allocated over the payroll period they pertain to. The allocations for the period January 1 to March 31 of the subsequent year are shown as prepaid expenses. This is the difference between the amounts billed and allocated over the applicable periods.		30,474
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Increase in other postemployment benefits liability is recorded in the statement of net position but not in the government funds.		(10,457,026)
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Changes in compensated absences are recorded in the statement of net position and not in the governmental funds.		(196,545)
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Changes in assessment liability are recognized in long-term liability in the government-wide statements.		1,085,123
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Principal payments on long-term debt		2,540,000
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Accrued interest on long-term debt		8,685
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Internal service funds are proprietary funds that are combined with governmental activities on the government-wide statements.		<u>(141,473)</u>
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Change in net position of governmental activities shown in the statement of activities		<u>\$ 80,051</u>
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See accompanying notes to financial statements.

COUNTY OF SARATOGA, NEW YORK
Fund Financial Statements
Statement of Revenue, Expenditures, and Changes in
Fund Balance - Budget and Actual - General Fund
Year Ended December 31, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Adopted</u>	<u>Revised</u>	<u>Amounts</u>	<u>Revised</u>
Revenue:				
Real property taxes	\$52,454,505	52,454,505	51,586,039	(868,466)
Other real property tax items	4,545,480	4,545,480	4,910,035	364,555
Non-property taxes	113,521,500	113,521,500	115,188,733	1,667,233
Departmental income	13,567,447	13,628,600	11,847,610	(1,780,990)
Intergovernmental charges	2,516,570	2,516,570	2,446,163	(70,407)
Use of money and property	393,197	393,197	423,172	29,975
Licenses and permits	35,000	35,000	27,142	(7,858)
Fines and forfeitures	348,174	348,174	327,045	(21,129)
Sale of property and compensation for loss	2,219,500	2,219,500	2,626,028	406,528
Miscellaneous	2,115,166	2,115,166	2,918,404	803,238
State aid	23,970,995	24,819,350	21,500,198	(3,319,152)
Federal aid	18,050,600	19,048,231	13,712,992	(5,335,239)
Total revenue	<u>233,738,134</u>	<u>235,645,273</u>	<u>227,513,561</u>	<u>(8,131,712)</u>
Expenditures:				
General government support	80,986,212	81,301,586	78,586,907	2,714,679
Education	18,528,828	18,699,924	17,635,369	1,064,555
Public safety	32,852,987	33,824,166	33,250,083	574,083
Health	18,713,899	18,727,574	16,101,384	2,626,190
Transportation	1,479,299	2,083,617	425,027	1,658,590
Economic opportunity and development	59,963,609	60,045,254	64,506,444	(4,461,190) *
Culture and recreation	1,006,895	1,140,556	1,130,491	10,065
Home and community service	3,863,523	4,207,656	4,101,342	106,314
Debt service	3,259,793	3,259,793	3,259,792	1
Total expenditures	<u>220,655,045</u>	<u>223,290,126</u>	<u>218,996,839</u>	<u>4,293,287</u>
Other financing uses - net interfund transfers out (in)	<u>14,083,089</u>	<u>13,788,477</u>	<u>8,516,453</u>	<u>5,272,024</u>
Net change in appropriated fund balance (budget) and fund balance (actual)	<u>\$(1,000,000)</u>	<u>(1,433,330)</u>	269	<u>1,433,599</u>
Fund balances at beginning of year			<u>17,893,209</u>	
Fund balances at end of year			<u>\$17,893,478</u>	

* Variance due to intergovernmental transfer accrual.

See accompanying notes to financial statements.

COUNTY OF SARATOGA, NEW YORK
Fund Financial Statements
Statement of Net Position - Proprietary Funds and Internal Service Fund
December 31, 2014

	Business-type Activities Enterprise Funds			Internal Service Fund Self Insurance
	Maplewood Manor	Sewer District	Total	
Assets:				
Cash and equivalents	\$ 4,329,052	13,786,586	18,115,638	346,383
Receivables, net of allowance for uncollectibles	1,660,704	91,365	1,752,069	168,262
Intergovernmental transfers receivable	5,159,000	-	5,159,000	-
Due from other governments	439,073	-	439,073	10,005,789
Due from other funds	-	390,136	390,136	886
Inventories	69,387	-	69,387	-
Prepaid expenses	33,787	133,497	167,284	3,575
Restricted assets:				
Cash and equivalents	117,253	-	117,253	7,861,845
Resident assets	128,909	-	128,909	-
Capital assets, net of accumulated depreciation	2,038,424	131,925,209	133,963,633	-
Total assets	<u>13,975,589</u>	<u>146,326,793</u>	<u>160,302,382</u>	<u>18,386,740</u>
Liabilities:				
Accounts payable and other current liabilities	56,266	1,786,045	1,842,311	663,167
Due to other funds	3,030,581	902,553	3,933,134	38,659
Accrued compensated absences	503,666	191,046	694,712	-
Resident funds and security deposits	246,162	-	246,162	-
Retainage payable	-	563,373	563,373	-
Noncurrent liabilities:				
Due within one year	-	2,520,000	2,520,000	-
Due in more than one year	-	58,015,000	58,015,000	-
Self insured claims payable	-	-	-	17,787,744
Other postemployment benefits liability	33,216,294	6,227,085	39,443,379	300,109
Total liabilities	<u>37,052,969</u>	<u>70,205,102</u>	<u>107,258,071</u>	<u>18,789,679</u>
Deferred inflows of resources - aggregated deferred inflows	<u>199,641</u>	<u>209,091</u>	<u>408,732</u>	<u>35,124</u>
Net position:				
Net investment in capital assets	2,038,424	71,390,209	73,428,633	-
Restricted for self insurance contributed reserve	-	-	-	7,861,845
Unrestricted (deficit)	<u>(25,315,445)</u>	<u>4,522,391</u>	<u>(20,793,054)</u>	<u>(8,299,908)</u>
Total net position (deficit)	<u><u>\$(23,277,021)</u></u>	<u><u>75,912,600</u></u>	<u><u>52,635,579</u></u>	<u><u>(438,063)</u></u>

See accompanying notes to financial statements.

COUNTY OF SARATOGA, NEW YORK
Fund Financial Statements
Statement of Revenue, Expenses, and Changes in Net Position -
Proprietary Funds and Internal Service Fund
Year Ended December 31, 2014

	Business-type Activities Enterprise Funds			Internal Service Fund Self Insurance
	Maplewood Manor	Sewer District	Total	
Operating revenue:				
Rents and charges for sales and services	\$ -	16,044,341	16,044,341	-
Resident service revenue, net of allowances	17,431,670	-	17,431,670	-
Participant assessments	-	-	-	2,858,883
Sale of property and compensation for loss	-	432,237	432,237	-
Miscellaneous local sources	-	39,923	39,923	177,922
Other grants and revenue	-	-	-	11,699
Total operating revenue	<u>17,431,670</u>	<u>16,516,501</u>	<u>33,948,171</u>	<u>3,048,504</u>
Operating expenses:				
Costs of sales and services	25,545,811	5,822,163	31,367,974	3,189,977
Other postemployment benefits expense	2,709,728	2,447,927	5,157,655	-
Interest	-	1,994,718	1,994,718	-
Depreciation	<u>286,746</u>	<u>4,473,224</u>	<u>4,759,970</u>	<u>-</u>
Total operating expenses	<u>28,542,285</u>	<u>14,738,032</u>	<u>43,280,317</u>	<u>3,189,977</u>
Operating income (loss)	<u>(11,110,615)</u>	<u>1,778,469</u>	<u>(9,332,146)</u>	<u>(141,473)</u>
Nonoperating revenue:				
Contributed capital items	-	3,642,765	3,642,765	-
Interest earnings	3,711	-	3,711	-
Loss on disposal of capital assets	<u>(581,724)</u>	<u>-</u>	<u>(581,724)</u>	<u>-</u>
Total nonoperating revenue (expenses)	<u>(578,013)</u>	<u>3,642,765</u>	<u>3,064,752</u>	<u>-</u>
Income (loss) before transfers	(11,688,628)	5,421,234	(6,267,394)	(141,473)
Intergovernmental transfer revenue (IGT)	12,433,750	-	12,433,750	-
Transfers to County	<u>(6,166,229)</u>	<u>-</u>	<u>(6,166,229)</u>	<u>-</u>
Change in net position	(5,421,107)	5,421,234	127	(141,473)
Net position (deficit) at beginning of year	<u>(17,855,914)</u>	<u>70,491,366</u>	<u>52,635,452</u>	<u>(296,590)</u>
Net position (deficit) at end of year	<u><u>\$ (23,277,021)</u></u>	<u><u>75,912,600</u></u>	<u><u>52,635,579</u></u>	<u><u>(438,063)</u></u>

See accompanying notes to financial statements.

COUNTY OF SARATOGA, NEW YORK
Fund Financial Statements
Statement of Cash Flows - Proprietary Funds and Internal Service Fund
Year Ended December 31, 2014

	Business-type Activities Enterprise Funds			Internal Service Fund Self Insurance
	Maplewood Manor	Sewer District	Total	
Cash flows from operating activities:				
Cash received from charges to customers	\$ -	16,676,076	16,676,076	1,932,766
Cash received from residents and third-party payers	17,973,946	-	17,973,946	-
Payment to employees, payroll taxes, and benefits	(19,880,786)	(3,941,269)	(23,822,055)	(124,416)
Payment for interest	-	(1,994,718)	(1,994,718)	-
Payment to suppliers, vendors	(5,555,554)	(4,853,124)	(10,408,678)	(2,174,638)
Net cash provided by (used in) operating activities	(7,462,394)	5,886,965	(1,575,429)	(366,288)
Cash flows from non-capital financing activities:				
Intergovernmental transfers	15,562,338	-	15,562,338	-
Transfers to County	(6,166,229)	-	(6,166,229)	-
Decrease in restricted cash and equivalents	-	-	-	(108,530)
Net cash provided by (used in) non-capital financing activities	9,396,109	-	9,396,109	(108,530)
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(13,792)	(8,488,112)	(8,501,904)	-
Proceeds of sale of capital assets	32,311	-	32,311	-
Net repayments of bond short-term financing	-	(18,500,000)	(18,500,000)	-
Net borrowings of long-term debt	-	16,195,000	16,195,000	-
Net cash provided by (used in) capital and related financing activities	18,519	(10,793,112)	(10,774,593)	-
Cash flows from investing activities - interest earned on cash in time deposits	3,711	-	3,711	-
Net increase (decrease) in cash and equivalents	1,955,945	(4,906,147)	(2,950,202)	(474,818)
Cash and equivalents at beginning of year	2,373,107	18,692,733	21,065,840	821,201
Cash and equivalents at end of year	\$ 4,329,052	13,786,586	18,115,638	346,383
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	(11,110,615)	1,778,469	(9,332,146)	(141,473)
Depreciation expense	286,746	4,473,224	4,759,970	-
Provision for doubtful accounts	561,184	-	561,184	-
Other postemployment benefits expense	2,709,728	-	2,709,728	-
Changes in:				
Receivables, net of allowances	(653,943)	159,575	(494,368)	(87,273)
Inventories	10,548	-	10,548	-
Prepaid expenses	701	(321)	380	(2,102)
Due from Saratoga County	-	-	-	(1,012,817)
Due from other funds	-	(295,496)	(295,496)	(886)
Due to Saratoga County	931,301	551,857	1,483,158	11,024
Estimated third-party payers settlements	91,014	-	91,014	-
Accounts payable and accrued liabilities	(353,866)	(992,073)	(1,345,939)	884,220
Retainage payable	-	(322,785)	(322,785)	-
Accrued compensated absences	(109,096)	20,086	(89,010)	(1,333)
Other postemployment benefits expense	173,904	514,429	688,333	-
Deferred inflows	-	-	-	(15,648)
Net cash provided by (used in) operating activities	\$ (7,462,394)	5,886,965	(1,575,429)	(366,288)

See accompanying notes to financial statements.

COUNTY OF SARATOGA, NEW YORK
Statement of Fiduciary Net Position - Fiduciary Funds
December 31, 2014

	Agency Funds	Permanent Fund	Private Purpose Trust Fund	Total Fiduciary Funds
Assets				
Cash and equivalents	\$15,893,109	118,445	302	16,011,856
Due from other funds	<u>9,119,592</u>	<u>-</u>	<u>-</u>	<u>9,119,592</u>
Total assets	<u>25,012,701</u>	<u>118,445</u>	<u>302</u>	<u>25,131,448</u>
Liabilities				
Agency liabilities	14,882,076	118,445	302	15,000,823
Due to other funds	6,081,862	-	-	6,081,862
Self insured health benefits	<u>4,048,763</u>	<u>-</u>	<u>-</u>	<u>4,048,763</u>
Total liabilities	<u>25,012,701</u>	<u>118,445</u>	<u>302</u>	<u>25,131,448</u>
Net position	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

See accompanying notes to financial statements.

COUNTY OF SARATOGA, NEW YORK
Statement of Changes in Fiduciary Net Position -
Fiduciary Funds
Year Ended December 31, 2014

	<u>Private Purpose Trust Fund</u>
Additions - interest earnings	\$ 293
Deductions - cemeteries	<u>(293)</u>
Change in net position	-
Net position at beginning of year	<u>-</u>
Net position at end of year	<u><u>\$ -</u></u>

See accompanying notes to financial statements.

COUNTY OF SARATOGA, NEW YORK

Notes to Financial Statements

December 31, 2014

(1) Summary of Significant Accounting Policies

The basic financial statements of the County of Saratoga, New York (the County) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The accounting policies of the County conform to accounting principles generally accepted in the United States of America as applicable to governmental units. A summary of the significant accounting policies consistently applied in the preparation of the accompanying basic financial statements follows.

In preparing the basic financial statements in conformity with GAAP, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the basic financial statements, and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

(a) Financial Reporting Entity

The County was established in 1791 and is governed by the general laws of the State of New York (the State) and various local laws and ordinances. The County Board of Supervisors, which is the legislative body responsible for the overall operation of the County, consists of 23 supervisors representing the 19 towns and 2 cities within the County. The Town of Clifton Park and the City of Saratoga Springs each are represented by two Supervisors. The Chairman of the Board, elected by the Board each year, is the Chief Executive Officer of the County. The Board of Supervisors also appoints a County Administrator and a Clerk of the Board. The County Administrator acts as the Budget Officer. The County Treasurer, elected at large to a four-year term, is the Chief Fiscal Officer of the County. The County Clerk, Sheriff, and District Attorney are constitutional officials and are elected in accordance with constitutional provisions.

The County provides the following basic services: general government, education assistance for County residents attending community colleges, public safety, social services, health and nursing services, road maintenance, public improvements, and a part-county sewer system. The County administers the Employment and Training Program for Saratoga, Warren, and Washington Counties.

COUNTY OF SARATOGA, NEW YORK
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(a) Financial Reporting Entity, Continued

The financial reporting entity consists of (a) the primary government which is the County of Saratoga, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth in GASB Statement No. 14.

In evaluating how to define the County for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependence. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to influence operations significantly, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the County and/or its citizens, or whether the activity is conducted within the geographic boundaries of the County and is generally available to its citizens. A third criterion used in evaluating potential component units is the existence of special financing relationships, regardless of whether the County is able to exercise oversight responsibilities.

Based on the application of these criteria, a brief review of each potential component unit addressed in defining the County's reporting entity follows:

Included In the Reporting Entity:

Saratoga County Industrial Development Agency - The Saratoga County Industrial Development Agency (the IDA) was created in 1971 by the New York State Legislature pursuant to Article 18-A and Section 890-h of the General Municipal Law. The members of the IDA Board are appointed by the County Board of Supervisors. The County provides office space to support its operations. The IDA is considered a component unit of the County and is discretely presented. Complete financial statements of the component unit can be obtained from its administrative office: Administrative Office, Saratoga County Industrial Development Agency, 50 West High Street, Ballston Spa, New York 12020.

COUNTY OF SARATOGA, NEW YORK
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(a) Financial Reporting Entity, Continued

Saratoga County Water Authority - The Saratoga County Water Authority (the Authority) was created by the New York State Legislature. The governing board of the Authority is appointed by the County Board of Supervisors. Currently, the County provides no subsidy to the Authority, but ultimately is responsible for debt or operating deficits of the Authority. The Authority's debt is essentially supported by its operating revenue. The County does not appoint management of the Authority nor does it approve the Authority's budget, contracts, or hiring of staff. The County has no oversight responsibility for funds of the Authority. The Authority is comprised of 7 board members, 3 of whom are on the Saratoga County Board of Supervisors.

Excluded From the Reporting Entity - Although the following organizations, functions, or activities are related to the County, they are not included in the County reporting entity because of the reasons noted:

Saratoga County Soil and Water Conservation District - The Saratoga County Soil and Water Conservation District (the District) was created by the New York State Legislature. The governing board of the District is appointed by the County Board of Supervisors. The County is not responsible for operating deficits of the District. The District cannot issue any debt. The County does not appoint management of the District nor does it approve the District's budget, contracts, or hiring of staff. The County has no oversight responsibility for the funds of the District.

(b) Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standards setting body for establishing governmental accounting and financial reporting principles.

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources (current assets less current liabilities) or economic resources (all assets and liabilities). The basis of accounting indicates the timing of transactions or events for recognition in the financial reports.

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting, as are the Proprietary Funds. All assets, liabilities and deferred inflows are recorded in these statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. This measurement focus and basis of accounting is similar to private sector reporting.

COUNTY OF SARATOGA, NEW YORK

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(b) Measurement Focus, Basis of Accounting, and Financial Statement Presentation, Continued

The Governmental Funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, generally only current assets and current liabilities are included on the balance sheet. The statement of revenue, expenditures, and changes in fund balances of these funds present increases (i.e. revenue and other financing sources) and decreases (i.e. expenditures and other financial uses) in net current assets.

Under the modified accrual basis of accounting, Governmental Funds revenue is recognized when susceptible to accrual (i.e., when it becomes both measurable and available). “Measurable” means the amount of the transaction can be reasonably determined and “available” means the related cash resources are collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The County follows GAAP and considers property taxes available if they are collected within 60 days after year-end. Property taxes determined to be collectible after the 60-day period are recorded as deferred revenue. The County uses a similar availability period for other significant governmental revenue sources. In addition to property taxes, governmental revenue susceptible to accrual includes sales tax, State and Federal aid, and certain other significant revenues. Fines, permits, and other miscellaneous revenue are not susceptible to accrual because generally they are not measurable until received.

The County also reports deferred inflows on its fund financial statements for certain revenues other than property taxes. Deferred inflows arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred inflows also arise when the County receives resources before it has a legal claim to them, as when grant monies, general State aid, and other intergovernmental aid are received prior to the occurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the County has a legal claim to the resources, the deferred inflow is removed from the applicable balance sheet and revenue is recognized.

Governmental Fund expenditures are recorded when the fund liability is incurred except that:

- Payment of prepaid expenses and purchase of inventory type items are recorded as expenditures when the related amounts are due and payable. This method is generally referred to as the “purchase” method, as opposed to the “consumption” method used in the government-wide financial statements.
- Principal and interest on indebtedness are recorded as expenditures when the related debt service amounts are due and payable, which normally approximates the date the debt is paid.

COUNTY OF SARATOGA, NEW YORK

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(b) Measurement Focus, Basis of Accounting, and Financial Statement Presentation, Continued

- Compensated absences, such as vacation leave and compensation time, which vest or accumulate with eligible employees, are recorded as expenditures in the payroll period that the leave credits are used by employees.
- Current pension costs payable to the New York State Retirement Systems are recorded as expenditures when billed by the Systems.
- Costs of acquiring capital assets are recorded as expenditures when the related acquisition amounts are due and payable.

(c) Government-Wide and Fund Financial Statements

The basic financial statements include the following sections: management's discussion and analysis, government-wide financial statements, fund financial statements, notes to financial statements, and other required supplemental information.

The government-wide financial statements include the statement of net position and the statement of activities. These statements report all of the County's non-fiduciary activities and eliminate most of the interfund activity normally included in the County's separate fund financial statements. Governmental activities, which are the County's main activities financed primarily by taxes and other intergovernmental revenue, are reported separately from business-type activities, which are intended to be self-sustaining activities financed by charges to customers using the services.

The statement of net position presents the financial condition of the County's activities at year-end. The statement of activities presents a comparison between direct expenses needed to provide specific services and the program revenue that is generated by those services. Program revenue includes charges for services, operating grants and contributions, and capital grants and contributions generated by and related to the applicable activity. General revenue includes real property taxes, sales taxes, other non-property taxes, interest earnings, and unrestricted intergovernmental revenue that generally can be used to finance most applicable activities. The statement of activities identifies the net expense or revenue from each activity and identifies the amount of general revenue needed to help finance the specific activities.

(d) Fund Accounting

The accounts of the County are organized on the basis of funds, each of which is considered a separate accounting entity. The activities of each fund are accounted for within a separate set of self-balancing accounts that comprise its assets, liabilities, deferred inflows, fund balances, revenue, and expenditures. The accounts of each fund are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with specific regulations, restrictions, or limitations. The County's fund types are as follows:

COUNTY OF SARATOGA, NEW YORK

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(d) Fund Accounting, Continued

Fund Types:

Governmental Funds are those through which most governmental functions are financed.

The acquisition, use, and balances of expendable financial resources and the related liabilities are accounted for through Governmental Funds. The County's Governmental Fund types are as follows:

(1) General Fund is the principal operating fund of the County and accounts for the general tax revenue, miscellaneous receipts not allocated by law or contractual agreement to another fund, and general operating expenditures. This fund operates within the financial limits of an annual budget adopted by the Board of Supervisors.

(2) Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. Special Revenue Funds of the County include the following:

- County Road Fund is used to account for revenue generated to finance maintenance, repairs, and improvements to County roads and bridges, snow removal, and other transportation related purposes.
- Road Machinery Fund is used to account for revenue generated to finance purchases, repairs, and maintenance of highway machinery, tools, and equipment.
- Employment and Training Fund is used to account for Federal grants and other revenue generated to finance job training and employment activities.
- Federal Forfeitures Fund is used to account for moneys received from the Federal Equitable Sharing program involving the proceeds of crime from Drug Enforcement Agency cases and certain moneys confiscated during police actions. This money is restricted to certain law enforcement activities.
- Permanent Fund is used to report resources that are legally restricted to the extent that only earnings, not principal, may be used to support a cemetery within the county.

(3) Capital Projects Funds are used to account for financial resources generated for the acquisition or construction of major capital assets for governmental activities. Financing is generally provided from proceeds of bonds, notes, Federal and State grants, and transfers from other Governmental Funds.

COUNTY OF SARATOGA, NEW YORK

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(d) Fund Accounting, Continued

Proprietary Funds represent the County's business-type activities, and include Enterprise Funds and Internal Service Funds. Enterprise Funds are used to report activities for which fees are charged to external customers for goods and services provided, and the County's fee pricing policies are designed to recover the costs of providing such services, including capital costs such as depreciation or debt service. Internal Service Funds may be used to report any activity that provides goods and services to other funds or departments on a cost-reimbursement basis.

The County reports the following Enterprise Funds:

- Maplewood Manor Fund is used to account for the operations of the County of Saratoga Maplewood Manor (SCMM or Maplewood Manor). SCMM is a long-term care skilled nursing facility which provides room, board, and health care to eligible individuals.
- Sewer District Fund is used to report operations of the County's wastewater treatment facilities and sanitary sewer system that is provided to residents and organizations located within the County's Sewer District.

The County reports the following Internal Service Fund:

- Self-Insurance Fund is used to account for the County's self-insured workers' compensation plan that provides workers' compensation insurance coverage for County employees and for other local governments and related organizations located within the County.

Proprietary Funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a Proprietary Fund's principal ongoing operations. The principal operating revenue of these funds is charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Fiduciary Funds - These funds are used to account for fiduciary activities. Fiduciary activities are those in which the County acts as trustee or agent for resources that belong to others. These activities are not included in the County-wide financial statements because their resources do not belong to the County and are not available to be used.

The County reports the following Fiduciary Funds:

- Agency Fund is used to account for monies and other resources held by the County in a trustee or agent pending payment to the applicable agencies.
- Private Purpose Trust Fund is used to account for monies donated to the County to benefit certain private cemeteries and other non-County operations.

COUNTY OF SARATOGA, NEW YORK

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(d) Fund Accounting, Continued

Component Units - The component units consist of the Saratoga County Industrial Development Agency and the Saratoga County Water Authority.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

(e) General Budget Process

The County adopts an annual budget for its main operating funds. Prior to November 15 of each year, the County Administrator submits to the Board of Supervisors a proposed tentative operating budget for the fiscal year commencing the following January 1. The operating budget includes expenditures and the sources of financing. Public hearings are conducted to obtain taxpayers' comments. Prior to December 20, the budget is adopted by the Board of Supervisors. The County Administrator is authorized to approve budget transfer requests within departments within a fund; however, any revisions that alter total expenditures of any department or fund must be approved by the Board of Supervisors. These budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

Budgetary controls are established for the Capital Projects Fund through resolutions authorizing individual projects that remain in effect for the life of the project. Budgets are prepared for Proprietary Funds primarily to establish the estimated contributions required from other funds.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in the Governmental Funds. Open encumbrances at year-end are reported as reservations of fund balances since the commitments do not constitute expenditures or liabilities.

Budgetary controls for certain special grants are established in accordance with the applicable grant agreements, which may cover a period other than the County's fiscal year. Budgetary controls for the Federal Forfeitures Fund are established on an as needed basis after revenue has been received.

A comparison of General Fund transactions with the original and revised budget estimates is shown in the fund financial statements.

COUNTY OF SARATOGA, NEW YORK
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(f) Cash and Equivalents

The carrying amount of cash and equivalents at December 31, 2014 totaled \$59,899,606. These deposits were entirely covered by Federal depository insurance or by collateral held by the County's agent in the County's name, except for approximately \$0.5 million, which was entirely covered the next business day.

For purposes of the statement of cash flows, the Proprietary Funds and component units consider all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

(g) Accounts Receivable

SCMM's accounts receivable are reported herein, net of an allowance for uncollectible accounts, of \$1,660,704 at December 31, 2014.

(h) Inventories

Inventories in the government-wide financial statements are comprised of general and highway supplies (governmental activities), prescription drugs, medical, and other supplies (SCMM) and are valued at the lower of cost or market. In the Governmental Funds expenditures are recognized when inventory is purchased, but for financial statement purposes, the year-end balance on hand is reported as an asset in the balance sheet with a related reservation of the fund balance for the maximum amount allowed for inventory levels.

(i) Resident Assets

SCMM requires that private pay residents provide security deposits as a condition of admission. These security deposits are classified as assets limited as to use. Patient funds, which are expended on personal items at the direction of the Maplewood Manor patients, are also in resident assets. A corresponding current liability has been recorded to reflect the security deposits, to be returned to the residents when they are discharged, and the patient funds.

(j) Capital Assets

Capital assets include property, plant, equipment, and infrastructure assets, such as roads and bridges. Capital assets are defined by the County as assets with an initial unit cost of \$10,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

COUNTY OF SARATOGA, NEW YORK
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(j) Capital Assets, Continued

Capital assets of the County are depreciated using the straight-line method over the following useful lives.

<u>Asset</u>	<u>Years</u>
Buildings	50
Improvements other than buildings	20
Vehicles	5
Computer equipment	5
Other equipment	5-10
Roads	18
Bridges	50
Sewer infrastructure	30

(k) Compensated Absences

As described in the union contract between the County and Local 846 of the Civil Service Employees' Association, employees are granted the following compensated absences each year:

Personal leave	1-4 days
Compensatory leave	as accrued
Vacation	10-25 days

Vacation days granted are increased on the basis of longevity of service to the maximum of 25 days. Vacation days do not vest. However, unused vacation days may be carried forward three months into the succeeding year upon approval by the Personnel Department. Accordingly, liabilities for leave time of \$3,375,530 are reported as accrued compensated absences in the government-wide financial statements.

(l) Deferred Inflows

Deferred inflows arise where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. The County has reported deferred inflows of \$5,900,179 for real property taxes and \$17,317,702 for various departmental grant income in the general fund and \$6,047 for grant revenue in the employment and training fund. Such amounts have been deemed to be measureable but not "available" pursuant to generally accepted accounting principles. Deferred inflows in the government-wide statement of net position includes \$12,692,837 for governmental grants not yet expended in governmental activities and \$408,732 for advanced payment received in the proprietary funds.

COUNTY OF SARATOGA, NEW YORK

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(m) Equity and Fund Balance Classifications

In the government-wide statements equity is classified as net position and displayed in three components:

- i) Net investment in capital assets - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- ii) Restricted net position - consists of net position with constraints placed on its use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- iii) Unrestricted - consists of net position without constraints.

In fiscal 2011, the County implemented Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54). GASB 54 changed the classification of fund balance to focus on the constraints imposed on resources in governmental funds, instead of the previous focus on availability for appropriation.

Fund balance is now broken down into five different classifications: nonspendable, restricted, committed, assigned, and unassigned.

- i) Nonspendable consists of assets that are inherently nonspendable in the current period either because of their form or because they must be maintained intact, including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale, and principal of endowments.
- ii) Restricted consists of amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation. At December 31, 2014, the County reported \$60,026 restricted in its federal forfeitures fund.
- iii) Committed consists of amounts that are subject to a purpose constraint imposed by a formal action of the government's highest level of decision-making authority before the end of the fiscal year, and that require the same level of formal action to remove the constraint. The County Board of Supervisors is the decision-making authority that can, by Board resolution, commit fund balance. There are no committed fund balances at December 31, 2014.

COUNTY OF SARATOGA, NEW YORK
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(m) Equity and Fund Balance Classifications, Continued

- iv) Assigned consists of amounts that are subject to a purpose constraint that represents an intended use established by the government's highest level of decision-making authority, or by their designated body or official. The purpose of the assignment must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual amount of fund balance. The County has an assigned fund balance of \$1,413,500, \$1,704,903 and \$703,017 in the general fund, capital projects fund and non-major governmental funds, respectively, at year end.
- v) Unassigned represents the residual classification for the government's general fund, and could report a surplus or deficit. In funds other than the general fund, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

When resources are available from multiple classifications, the County spends funds in the following order: restricted, committed, assigned, unassigned.

(n) Real Property Taxes

The levy and collection of real property taxes is governed by the Real Property Tax Law of the State of New York. Real property taxes are levied each year and become a property lien on January 1. County taxes are levied together with town taxes as a single tax bill. The tax levy is fully accrued at the beginning of the fiscal year and accounted for in the General Fund. Accruals for amounts due to other funds are recorded in the General Fund for the portion of the tax levy allocated to other funds or activities. The current year's property taxes are levied based on the assessed value of real property within the County. The town tax collecting officials are responsible for collection of taxes until the warrant for collection expires on March 31. At that time, settlement proceedings take place wherein the County becomes the enforcement agent for tax liens on all County real property except property within the cities of Saratoga Springs and Mechanicville. These cities assess and collect all County taxes on property within the cities and serve as enforcement agent for tax liens on such property. County taxes collected by these cities are remitted to the County periodically.

The County enforces collection of unpaid taxes levied by the villages and non-city school districts located within the County. Uncollected tax accounts are returned to the County in November of each year for collection. Any amounts remaining unpaid are relieved in the County's subsequent January 1 tax levy. On or before the next April 1, the County is required to pay the villages and school districts the amount of unpaid taxes returned for collection and enforcement. Unpaid village and school taxes are included in the financial statements as taxes receivable, and are offset by corresponding liabilities to the applicable village and school district governments.

COUNTY OF SARATOGA, NEW YORK

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(o) Non-Property Taxes

The primary non-property tax item is sales tax. Effective June 1, 1982, the County enacted a 3% County-wide sales tax, which it shares with other local governments within the County. Sales tax is initially recorded in an Agency Fund to facilitate distribution to local governments and allocation of the portion retained by the County.

(p) Resident Service Revenue, Net

Net resident service revenue is reported at the estimated net realizable amounts from residents, third-party payers, and others for services rendered.

Revenue under third-party payer agreements is subject to audit and retroactive adjustment. Provisions for estimated third-party payer settlements are provided in the period the related services are rendered. Differences between the estimated amounts accrued and interim and final settlements are reported in operations in the year of settlement.

(2) Restricted Assets

Restricted assets are comprised of \$246,162 in security deposits and patient funds which are expended on personal items at the direction of the SCMM patients and \$7,861,845 of workers' compensation reserve funds.

(3) Capital Assets

A summary of changes in capital assets follows:

	Balance January 1, 2014	Additions	Retirements	Balance December 31, 2014
<u>Governmental Activities</u>				
Land	\$ 4,775,856	-	-	4,775,856
Buildings	53,371,489	-	-	53,371,489
Autos	18,140,665	1,380,739	(646,914)	18,874,490
Machinery and equipment	9,981,953	5,101	-	9,987,054
Infrastructure	91,686,708	6,962,609	-	98,649,317
Construction work in progress	11,733,105	-	-	11,733,105
Total capital assets	189,689,776	8,348,449	(646,914)	197,391,311

COUNTY OF SARATOGA, NEW YORK
Notes to Financial Statements, Continued

(3) Capital Assets, Continued

<u>Governmental Activities</u>	Balance January 1, <u>2014</u>	<u>Additions</u>	<u>Retirements</u>	Balance December 31, <u>2014</u>
Less accumulated depreciation:				
Buildings	\$ 21,628,711	1,304,059	-	22,932,770
Autos	16,276,708	509,256	(623,541)	16,162,423
Machinery and equipment	4,638,068	514,171	-	5,152,239
Infrastructure	<u>41,993,136</u>	<u>389,597</u>	<u>-</u>	<u>42,382,733</u>
Total accumulated depreciation	<u>84,536,623</u>	<u>2,717,083</u>	<u>(623,541)</u>	<u>86,630,165</u>
Net capital assets	<u>\$ 105,153,153</u>	<u>5,631,366</u>	<u>(23,373)</u>	<u>110,761,146</u>

Depreciation expense was charged to the following governmental activities during 2014:

General government support	\$ 506,229
Public safety	764,331
Health	182,058
Transportation	1,186,040
Home and community services	<u>78,425</u>
Total governmental activities	\$ <u>2,717,083</u>

The County adjusted its depreciation records for infrastructure associated with the implementation of a new capital assets accounting system during 2014, which is reported above net of the change.

<u>Maplewood Manor</u>	Balance January 1, <u>2014</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	Balance December 31, <u>2014</u>
Land	\$ 54,000	-	-	54,000
Buildings	8,847,437	-	(1,472,091)	7,375,346
Improvements other than buildings	140,773	-	-	140,773
Machinery and equipment	<u>4,896,597</u>	<u>13,792</u>	<u>(38,902)</u>	<u>4,871,487</u>
Total capital assets	<u>13,938,807</u>	<u>13,792</u>	<u>(1,510,993)</u>	<u>12,441,606</u>

COUNTY OF SARATOGA, NEW YORK
Notes to Financial Statements, Continued

(3) Capital Assets, Continued

<u>Maplewood Manor</u>	Balance January 1, 2014	Additions	Retirements/ Reclassifications	Balance December 31, 2014
Less accumulated depreciation:				
Buildings	\$ 6,475,324	166,864	(859,825)	5,782,363
Improvements other than buildings	138,506	229	-	138,735
Machinery and equipment	<u>4,399,564</u>	<u>119,653</u>	<u>(37,133)</u>	<u>4,482,084</u>
Total accumulated depreciation	<u>11,013,394</u>	<u>286,746</u>	<u>(896,958)</u>	<u>10,403,182</u>
Net capital assets	<u>\$ 2,925,413</u>	<u>(272,954)</u>	<u>(614,035)</u>	<u>2,038,424</u>

Depreciation expense charged to SCMM activity during 2014 was \$286,746.

<u>Sewer District</u>	Balance January 1, 2014	Additions	Retirements/ Reclassifications	Balance December 31, 2014
Land	\$ 35,000	-	-	35,000
Buildings	159,436,458	7,275,000	-	166,711,458
Autos	912,780	14,614	-	927,394
Machinery and equipment	1,597,764	785,734	-	2,383,498
Infrastructure	<u>73,905,002</u>	<u>4,055,529</u>	<u>-</u>	<u>77,960,531</u>
Total capital assets	<u>235,887,004</u>	<u>12,130,877</u>	<u>-</u>	<u>248,017,881</u>
Less accumulated depreciation:				
Buildings	71,816,675	3,553,397	-	75,370,072
Autos	555,842	62,112	-	617,954
Machinery and equipment	161,380	54,372	-	215,752
Infrastructure	<u>39,085,551</u>	<u>803,343</u>	<u>-</u>	<u>39,888,894</u>
Total accumulated depreciation	<u>111,619,448</u>	<u>4,473,224</u>	<u>-</u>	<u>116,092,672</u>
Net capital assets	<u>\$ 124,267,556</u>	<u>7,657,653</u>	<u>-</u>	<u>131,925,209</u>

Depreciation expense charged to the Sewer District activity during 2014 was \$4,473,224. The District also recognized \$3,642,765 in estimated contributed capital assets from developers and businesses.

COUNTY OF SARATOGA, NEW YORK

Notes to Financial Statements, Continued

(4) Interfund Transactions

During the course of normal operations, the County has numerous transactions between funds, including expenditures and transfers of resources to provide services. These transactions are recorded as interfund revenues, interfund transfers, and expenditures in the respective funds.

Individual interfund receivable and payable balances at December 31, 2014 arising from these transactions were as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 6,594,528	5,477,443
Special Revenue Funds:		
County Road Fund	499,155	1,152,527
Road Machinery	436,816	81,441
Employment and Training Fund	12,719	-
Capital Projects Fund	234,567	523,333
Proprietary Funds:		
Maplewood Manor	-	3,030,581
Sewer District	390,136	902,553
Internal Service Fund	886	38,659
Fiduciary Funds - Agency	<u>9,119,592</u>	<u>6,081,862</u>
Totals	\$ <u>17,288,399</u>	<u>17,288,399</u>

Interfund transfers during the year ended December 31, 2014 were as follows:

	<u>Interfund Transfers In</u>	<u>Interfund Transfers Out</u>
General Fund	\$ 7,135,792	15,652,245
Special Revenue Funds:		
County Road Fund	12,677,283	-
Machinery Fund	2,974,962	-
Capital Project Fund	-	969,563
Maplewood Manor	<u>-</u>	<u>6,166,229</u>
Totals	\$ <u>22,788,037</u>	<u>22,788,037</u>

COUNTY OF SARATOGA, NEW YORK

Notes to Financial Statements, Continued

(5) Deferred Inflows of Resources

Certain revenues have been deferred in the fund and/or government-wide statements as the revenue relates to future reporting periods:

	Statement of net position	Balance sheet governmental funds
Advance payments received	\$ 408,732	-
Grant revenue	12,692,837	17,323,749
Tax revenue	<u>-</u>	<u>5,900,179</u>
	<u>\$ 13,101,569</u>	<u>23,223,928</u>

(6) Retirement System

Retirement Plan - The County participates in the New York State and Local Retirement System, Employees Retirement System program (ERS or the System). This is a cost sharing multiple public employer retirement system. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the System. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the System and for the custody and control of their funds. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, New York 12244.

Funding Policy - The Systems are noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976, who contribute 3% of their salary for the first ten years of membership and employees who joined on or after January 1, 2010 (ERS) or January 9, 2010 (PFRS) and before April 1, 2012 who generally contribute 3% of their salary for the entire length of service. Those joining on or after April 1, 2012 are required to contribute between 3% and 6% dependent upon their salary for their entire working career. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressed used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. Contributions for the current year and two preceding years were as follows:

2014	\$ 12,160,083
2013	12,336,753
2012	12,370,870

The County's contributions made to the System were equal to 100% of the contributions required for each year.

COUNTY OF SARATOGA, NEW YORK
Notes to Financial Statements, Continued

(7) Liabilities to Other Governments

As indicated in note 1(n), the County acts as a tax enforcement agent for its villages and non-city school districts. The County also receives other monies which are distributed to certain local governments. The following represents the liabilities "due to other governments" in the governmental activities at December 31, 2014:

Due to villages	\$ 410,819
Due to school districts	12,626,445
Due to districts for special levies	798,120
Due to other governments and agencies	<u>9,950,989</u>
	\$ <u>23,786,373</u>

(8) Short-term Debt

The following is a summary of the County's short-term indebtedness:

Bond Anticipation Notes(BANs) - Sewer Fund:

Payable at January 1, 2014	<u>Additions</u>	Principal Payments	Payable at December 31, 2014
\$ <u>18,500,000</u>	<u>-</u>	<u>18,500,000</u>	<u>-</u>

(9) Long-term Obligations

The following is a summary of the County's long-term obligations:

<u>Governmental Funds</u>	Payable at January 1, 2014	<u>Additions</u>	Principal Payments	Payable at December 31, 2014	Due Within One Year	Due in More Than One Year
General obligation bonds	\$ <u>15,895,000</u>	<u>-</u>	<u>2,540,000</u>	<u>13,355,000</u>	<u>2,630,000</u>	<u>10,725,000</u>

General Obligation Bonds

\$5,180,000 MBBA Recovery Act bonds, due in annual installments of \$200,000 to \$365,000 through 2029, with interest at 4.11% to 6.56%. \$ 4,250,000

\$6,760,000 Emergency Radio Communication Towers serial bonds, due in annual installments of \$655,000 to \$800,000 through 2019, with interest at 3.75% to 4%. 3,710,000

\$11,819,000 Emergency Radio Communication Towers serial bonds, due in annual installments of \$1,685,000 to \$1,855,000 through 2017, with interest at 4%. 5,395,000

Total general obligation bonds \$ 13,355,000

COUNTY OF SARATOGA, NEW YORK

Notes to Financial Statements, Continued

(9) Long-term Obligations, Continued

General Obligation Bonds, Continued

<u>Sewer Fund</u>	Payable at January 1, <u>2014</u>	<u>Additions</u>	Principal <u>Payments</u>	Payable at December 31, <u>2014</u>	Due Within <u>One Year</u>	Due in More Than <u>One Year</u>
State loans payable	\$ 4,020,000	-	990,000	3,030,000	1,015,000	2,015,000
General obligation bonds	<u>40,320,000</u>	<u>18,200,000</u>	<u>1,015,000</u>	<u>57,505,000</u>	<u>1,505,000</u>	<u>56,000,000</u>
	<u>\$ 44,340,000</u>	<u>18,200,000</u>	<u>2,005,000</u>	<u>60,535,000</u>	<u>2,520,000</u>	<u>58,015,000</u>

State Loans Payable

\$16,501,800 Revenue Bond Series 1997A by New York State Environmental Facilities Corporation for the financing of the sewer plant upgrade with a maturity date of August 15, 2017, and interest rates from 1.82% to 3.00%. \$ 2,965,000

\$350,909 Revenue Bond Series 1999A by New York State Environmental Facilities Corporation, due in annual installments through 2017, with interest at 2.01% to 3.01%. 65,000

Total state loans payable \$ 3,030,000

General Obligation Bonds

\$5,200,000 County Sewer District serial bonds, due in annual installments of \$245,000 to \$335,000 through 2023, with interest at 3% to 4%. \$ 2,595,000

\$23,000,000 County Sewer District serial bonds for 2009 expansion, due in annual installments of \$445,000 to \$1,360,000 through 2039, with interest at 4% to 4.75%. 20,955,000

\$16,990,000 County Sewer District serial bonds for 2010 expansion, due in annual installments of \$325,000 to \$985,000 through 2040, with interest at 4% to 4.375%. 15,755,000

\$18,200,000 County Sewer District serial bonds for 2014 expansion, due in annual installments of \$450,000 to \$1,225,000 through 2034, with interest at 1% to 3.25%. 18,200,000

Total general obligation bonds \$ 57,505,000

COUNTY OF SARATOGA, NEW YORK
Notes to Financial Statements, Continued

(9) Long-term Obligations, Continued

The annual requirements to amortize outstanding bonds and loans payable as of December 31, 2014 are as follows:

Governmental Funds:

<u>(MBBA Recovery Act Bonds) 2009</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 205,000	255,409	460,409
2016	215,000	246,984	461,984
2017	225,000	235,997	460,997
2018	235,000	224,500	459,500
2019	250,000	212,491	462,491
2020-2024	1,420,000	839,706	2,259,706
2025-2029	<u>1,700,000</u>	<u>342,642</u>	<u>2,042,642</u>
Total	<u>4,250,000</u>	<u>2,357,729</u>	<u>6,607,729</u>

(Emergency Radio Communications

<u>Towers Serial Bonds) 2009</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	685,000	148,400	833,400
2016	715,000	121,000	836,000
2017	740,000	92,400	832,400
2018	770,000	62,800	832,800
2019	<u>800,000</u>	<u>32,000</u>	<u>832,000</u>
Total	<u>3,710,000</u>	<u>456,600</u>	<u>4,166,600</u>

(Emergency Radio Communications

<u>Towers Serial Bonds) 2010</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	1,740,000	215,800	1,955,800
2016	1,800,000	146,200	1,946,200
2017	<u>1,855,000</u>	<u>74,200</u>	<u>1,929,200</u>
Total	<u>5,395,000</u>	<u>436,200</u>	<u>5,831,200</u>
Total Governmental Funds	\$ <u>13,355,000</u>	<u>3,250,529</u>	<u>16,605,529</u>

COUNTY OF SARATOGA, NEW YORK
Notes to Financial Statements, Continued

(9) Long-term Obligations, Continued

Proprietary Funds:

<u>State Loans Payable</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 1,015,000	80,217	1,095,217
2016	1,050,000	56,623	1,106,623
2017	<u>965,000</u>	<u>28,915</u>	<u>993,915</u>
Total	<u>3,030,000</u>	<u>165,755</u>	<u>3,195,755</u>

General Obligation Bonds - County

<u>Sewer District Bonds</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	250,000	98,700	348,700
2016	260,000	91,200	351,200
2017	265,000	83,400	348,400
2018	275,000	72,800	347,800
2019	285,000	61,800	346,800
2020-2023	<u>1,260,000</u>	<u>128,600</u>	<u>1,388,600</u>
Total	<u>2,595,000</u>	<u>536,500</u>	<u>3,131,500</u>

(Sewer Expansion) 2009

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	465,000	934,153	1,399,153
2016	490,000	915,553	1,405,553
2017	510,000	895,953	1,405,953
2018	535,000	875,553	1,410,553
2019	560,000	854,153	1,414,153
2020-2024	3,195,000	3,914,163	7,109,163
2025-2029	3,990,000	3,203,763	7,193,763
2030-2034	4,980,000	2,209,720	7,189,720
2035-2039	<u>6,230,000</u>	<u>914,375</u>	<u>7,144,375</u>
Total	<u>20,955,000</u>	<u>14,717,386</u>	<u>35,672,386</u>

COUNTY OF SARATOGA, NEW YORK
Notes to Financial Statements, Continued

(9) Long-term Obligations, Continued

Proprietary Funds, Continued:

<u>(Sewer Expansion) 2010</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 340,000	652,779	992,779
2016	355,000	639,179	994,179
2017	365,000	624,979	989,979
2018	380,000	610,379	990,379
2019	395,000	595,179	990,179
2020-2024	2,240,000	2,725,494	4,965,494
2025-2029	2,810,000	2,234,694	5,044,694
2030-2034	3,530,000	1,606,268	5,136,268
2035-2039	4,355,000	791,269	5,146,269
2040	<u>985,000</u>	<u>43,094</u>	<u>1,028,094</u>
Total	<u>15,755,000</u>	<u>10,523,314</u>	<u>26,278,314</u>

<u>(Sewer Expansion) 2014</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	450,000	756,786	1,206,786
2016	710,000	498,200	1,208,200
2017	725,000	482,038	1,207,038
2018	745,000	463,663	1,208,663
2019	765,000	444,787	1,209,787
2020-2024	4,165,000	1,920,212	6,085,212
2025-2029	4,915,000	1,273,925	6,188,925
2030-2034	<u>5,725,000</u>	<u>468,787</u>	<u>6,193,787</u>
Total	<u>18,200,000</u>	<u>6,308,398</u>	<u>24,508,398</u>
Total general obligation bonds	\$ <u>57,505,000</u>	<u>32,085,598</u>	<u>89,590,598</u>

(10) Postemployment Employee Benefits

(a) Plan Description

The County provides a single-employer self-insured medical plan (the Plan) that offers two options. The Plan provides lifetime healthcare insurance and prescription drug coverage for eligible retirees and their spouses through the County's Plan, which covers both active and retired members. Benefit provisions are established through negotiations between the County and the unions, representing employees, and are renegotiated at the end of each of the bargaining periods.

COUNTY OF SARATOGA, NEW YORK

Notes to Financial Statements, Continued

(10) Postemployment Employee Benefits, Continued

(b) Funding Policy

Contribution requirements also are negotiated between the County and union representatives. The County contributes a percentage of the cost of current year premiums for eligible retired Plan members and their spouses. For the year ended December 31, 2014, the County contributed \$7,459,457 to the Plan. Plan members receiving benefits hired on or after January 1, 2000 contribute 15% of their premium costs.

(c) Annual OPEB Cost and Net OPEB Obligation

The County's annual other postemployment benefit (OPEB) expense is calculated based on the annual required contribution of the employer (ARC). The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year. Unfunded actuarial liabilities (or funding excess) are amortized over a period not to exceed 30 years. The County's OPEB expense for the year ended December 31, 2014 was \$21,140,640. The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the County's net OPEB obligation to the Plan:

	<u>Total</u>	<u>Governmental Activities</u>	<u>Business- Type Activities</u>
Annual required contribution	\$ 23,376,640	17,647,486	5,729,154
Interest on net OPEB obligation	5,731,179	4,282,410	1,448,769
Adjustment to annual required contribution	<u>(7,967,179)</u>	<u>(5,953,178)</u>	<u>(2,014,001)</u>
Annual OPEB cost (expense)	21,140,640	15,976,718	5,163,922
Contributions made	<u>(7,459,457)</u>	<u>(5,519,692)</u>	<u>(1,939,765)</u>
Net OPEB obligation for 2014	13,681,183	10,457,026	3,224,157
Net OPEB obligation at beginning of year	<u>143,279,466</u>	<u>107,060,244</u>	<u>36,219,222</u>
Net OPEB obligation at end of year	\$ <u>156,960,649</u>	<u>117,517,270</u>	<u>39,443,379</u>

Included in government activities is \$300,109 in OPEB obligation recorded in the internal service fund, which is reported in the reconciliation on page 12 as part of the \$(438,063) net deficit position.

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation is as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation at Year End</u>
12/31/2014	\$ 21,140,640	35.3%	156,960,649
12/31/2013	20,780,105	47.4%	143,279,466
12/31/2012	32,605,593	25.5%	132,345,818

COUNTY OF SARATOGA, NEW YORK
Notes to Financial Statements, Continued

(10) Postemployment Employee Benefits, Continued

(d) Funded Status and Funding Progress

As of December 31, 2014, the actuarial accrued liability for benefits was \$223,099,924, all of which was unfunded.

The projection of future benefit payments for an ongoing Plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trends. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

(e) Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive Plan (the Plan as understood by the employer and Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and Plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following simplifying assumptions were made:

- Retirement Age for Active Employees - The rates of decrement due to retirement based on the experience under the New York State and Local Retirement System were prepared by the Department of Civil Service's actuarial consultant in the report titled, "Development of Recommended Actuarial Assumptions for New York State/SUNY GASB 45 Valuation."
- Marital Status - It is assumed that 70% of retirees will be married at the time of their retirement, and the male spouse is assumed to be approximately three years older than the female.
- Mortality - Life expectancies were based on RP-2000 mortality tables for males and for females.
- Turnover - The rates of decrement due to turnover based on the experience under the New York State and Local Retirement System as prepared by the Department of Civil Service's actuarial consultant in the report titled, "Development of Recommended Actuarial Assumptions for New York State/SUNY GASB 45 Valuation."

COUNTY OF SARATOGA, NEW YORK
Notes to Financial Statements, Continued

(10) Postemployment Employee Benefits, Continued

(e) Methods and Assumptions, Continued

- Medical Trend Rate - The expected rate of increase in healthcare insurance premiums were developed using the baseline projection of the SOA long term medical cost trend model. Short-term trend rates were based on the recent premium rate history for the County. Long-term rates were based on the following assumptions: rate of inflation, 2.9%; rate in growth in real income/GDP per capita, 1.7%; income multiplier for health spending, 1.40% extra trend due to technology and other factors, 1.2%; health share of GDP resistance part, 25%.

Based on the historical and expected returns of the County's short-term investment portfolio, a discount rate of 4% was used in 2014. In addition, a simplified version of the entry age actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2014 was 30 years.

(11) Commitments and Contingencies

(a) Litigation

The County and its nursing home are named defendants in two negligence cases that will be settled through insurance programs subject to deductible amounts. The County estimates a maximum range of loss of approximately \$180,000 pending the outcome of the settlement.

(b) Grant Programs

The County participates in a number of grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives. The audits of these programs may be conducted, in accordance with grantor requirements, on a periodic basis. Accordingly, the County's compliance with applicable grant requirements will be established at some future date. The amounts, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the County believes, based upon its review of current activity and prior experience, the amount of such disallowances, if any, will be minimal.

(c) Contracts

The County has entered into various contracts with outside vendors for goods and services, which were unperformed at year-end. The County has provided authority to fund these transactions in the subsequent year's budget.

COUNTY OF SARATOGA, NEW YORK
Notes to Financial Statements, Continued

(11) Commitments and Contingencies, Continued

(d) Environmental Risks

Certain facilities are subject to Federal, State, and local regulations relating to the discharge of materials into the environment. Compliance with these provisions has not had, nor does the County expect such compliance to have, any material effect upon the capital expenditures or financial condition of the County. Management believes that its current practices and procedures for control and disposition of regulated wastes comply with applicable Federal, State, and local requirements.

(12) Self Insurance (Internal Service) Fund

The County established its own self-insurance plan for workers' compensation under Local Law Nos. 1 and 2, 1956, pursuant to Article 5 of the Workers' Compensation Law. The plan is open to any eligible municipality or public entity for participation. There were 31 participants at December 31, 2014. The County is responsible for administration of the plan and its reserves. The plan purchases commercial insurance for employer's liability in third-party suits; the limit is \$1,000,000 with a retention of \$10,000. Settled claims have not resulted in a claim against this excess liability coverage since the inception of the plan.

All funds of the County participate in the program and make payments to the self-insurance fund based on historical estimates of the amounts needed to pay prior and current year claims and to establish a reserve for catastrophe losses. A balance in the amount of \$7,861,845 was reserved at December 31, 2014.

Claims and judgments are recognized in accordance with the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Losses," which requires that claims and judgments be recognized when it is probable that an asset has been impaired or a liability has been incurred, and the amount of loss can be reasonably estimated. A claims liability of \$17,787,744 at December 31, 2014 has been recorded in accrued liabilities in the fund. Changes in the claims liability for 2014 were:

Balance	Current Year Claims and Changes in	Claim	Balance
<u>January 1, 2014</u>	<u>Estimates</u>	<u>Payments</u>	<u>December 31, 2014</u>
\$ <u>16,774,927</u>	<u>2,732,424</u>	<u>1,719,607</u>	<u>17,787,744</u>

(13) Subsequent Event

Management has evaluated subsequent events through the date of the report which is the date the financial statements were available to be issued.

COUNTY OF SARATOGA, NEW YORK

Notes to Financial Statements, Continued

(14) Detail Notes to Discretely Presented Component Units

(a) Saratoga County Industrial Development Agency

Industrial Revenue Bond and Note Transactions - Certain industrial development revenue bonds and notes issued by the IDA are secured by property that is leased to companies and is retired by lease payments. The bonds and notes are not obligations of the IDA, the County, or New York State. The IDA does not record the assets or liabilities resulting from completed bond and note issuances in its accounts since its primary function is to arrange the financing between the borrowing companies and the bond and note holders, and funds arising there from are controlled by trustees or banks acting as fiscal agents. For providing this conduit debt financing service, the IDA receives bond administration fees from the borrowing companies. Such administrative fee income is recognized immediately upon issuance of bonds and notes, or the closing of straight lease transactions. At December 31, 2014, the outstanding financing balance of the bonds and notes (issued in the name of the IDA) of the borrowing companies on open projects was \$98,333,633.

Investment Policy - The IDA's investment policies are governed by statutes of the State. Agency monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. The Treasurer of the IDA is authorized to use demand, savings, and money market accounts and certificates of deposit.

Collateral is required for demand deposits and certificates of deposit not covered by Federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States of America and its agencies and obligations of the State and its municipalities and school districts.

Deposits and investments at December 31, 2014 were entirely covered by FDIC insurance or collateral investments, as required.

<u>Capital Asset</u> -	Balance January 1, 2014	Net Additions	Balance December 31, 2014
Land for railroad spur	\$ 168,138	~	168,138

(b) Saratoga County Water Authority

Organization - The Saratoga County Water Authority (Authority) was created during 1990 as a public benefit corporation under New York State Public Authorities Law Title 8-F of Article 5. The Authority is a component unit of the County. The Authority is charged with providing water services for public benefit. A governing board of seven members, appointed by the chairperson of the Board of Supervisors of Saratoga County governs the Authority.

COUNTY OF SARATOGA, NEW YORK
Notes to Financial Statements, Continued

(14) Detail Notes to Discretely Presented Component Units, Continued

(b) Saratoga County Water Authority, Continued

The Authority began operations during February 2010 with the substantial completion of the Saratoga County Water Treatment and Transmission Facilities System (System). The System is designed to provide safe, reliable, and affordable drinking water to the residents of Saratoga County.

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

Accounting Method - The Authority's financial statements are prepared using the accrual basis in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The accounting and financial reporting treatment applied to the Authority is determined by its measurement focus. The transactions of the Authority are accounted for on a flow of economic resources measurement focus. With the measurement focus, all assets and liabilities associated with the operations are included on the statement of net position. Net position is segregated into restricted and unrestricted components, as follows:

- Net investment in capital assets consists of capital assets, net of accumulated depreciation reduced by the net outstanding debt balances;
- Restricted net position has constraints placed on use by the Authority's Revenue Bond, and
- Unrestricted net position consists of assets and liabilities that do not meet the definition of net investment in capital assets, net of related debt or restricted net position.

Revenues are recognized when earned and expenses are recognized when incurred. The Authority distinguishes operating revenue and expenses from non-operating items. Operating revenue and expenses generally result from providing water services. The principal operating revenue of the Authority are charges to customers for user services. Operating expenses include the costs associated with providing those user services. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

In preparing financial statements in conformity with GAAP, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

COUNTY OF SARATOGA, NEW YORK
Notes to Financial Statements, Continued

(14) Detail Notes to Discretely Presented Component Units, Continued

(b) Saratoga County Water Authority, Continued

Cash and Cash Equivalents - Cash and cash equivalents consist of cash deposits and other short-term investments, whether unrestricted or restricted, with original maturities of three months or less.

Statutes authorize the Authority to maintain deposits with financial institutions and to invest in certificates of deposit, obligations of New York State, the United States Government and its agencies, and repurchase agreements collateralized by U.S. obligations.

Unrestricted cash deposits with financial institutions are either covered by federal depository insurance or collateralized by securities held by the pledging bank's trust department in the Authority's name, or U.S. Government and/or federal agency securities held by the Trustee. Restricted cash equivalents and investments are held in the Authority's name by their custodian and; therefore, not subject to custodial risk. The Authority's restricted cash equivalents are considered investments for cash flow statement purposes.

Accounts Receivable - Accounts receivable are carried at original invoice less an estimate made for doubtful receivables based on a review of all outstanding amounts on a periodic basis. Management determines if an allowance for doubtful accounts is needed by identifying troubled accounts and by using historical experience applied to an aging of accounts as well as regularly economic conditions. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded as income when received. Management has provided for an allowance of \$1,621,628 at December 31, 2014 relating to the receivable from the Luther Forest Economic Development Corporation.

Property, Plant, and Equipment, Net - Capital assets, are recorded at cost, except for contributed property and equipment, which is recorded at fair market value or the contributor's net book value if fair market value is not readily ascertainable. Expenditures for acquisitions, renewals, and betterments are capitalized, whereas maintenance and repair costs are expensed as incurred. The Authority uses a capitalization threshold of \$5,000 to analyze expenditures for capitalization. When equipment is retired or otherwise disposed of, the appropriate accounts are relieved of costs and accumulated depreciation, and any resultant gain or loss is credited or charged to operations.

COUNTY OF SARATOGA, NEW YORK
Notes to Financial Statements, Continued

(14) Detail Notes to Discretely Presented Component Units, Continued

(b) Saratoga County Water Authority, Continued

Interest expenses incurred during construction of assets are capitalized. Constructed assets financed with the proceeds of tax-exempt debt (if those funds are externally restricted to finance the acquisitions of the asset or used to service the related debt) include capitalized interest to the extent that interest cost over the asset construction period exceeds interest earned on related interest-bearing investments acquired with proceeds of the related tax-exempt borrowing.

Depreciation is provided for in amounts to relate the cost of depreciable assets to operations over their estimated useful lives, using the straight-line method. The estimated useful lives established to determine depreciation for vehicles, machinery, and equipment vary from three to twenty years. Building and building improvements are depreciated over thirty years. Land improvements are depreciated over twenty years. Infrastructure is depreciated over forty years.

The Authority evaluated prominent events or changes in circumstances affecting property and equipment to determine if impairment of any capital assets has occurred. A capital asset is considered impaired if both (a) the decline in service utility of the capital asset is large in magnitude and (b) the event or change in circumstance is outside the normal life cycle of the capital asset. There were no impaired capital assets at December 31, 2014.

Tax Status - The Authority is exempt from federal income taxes under Internal Revenue Service Code Section 115.

Restricted Assets - In accordance with the terms of the Authority's bond indenture, the use of certain Authority assets is restricted for specific purposes as summarized below:

	December 31, 2014
Construction fund	\$ 3,196,285
Debt service reserve fund	3,009,799
Accrued interest and other	<u>13,217</u>
Total cash and cash equivalents held with fiscal agent	\$ <u>6,219,301</u>

COUNTY OF SARATOGA, NEW YORK

Notes to Financial Statements, Continued

(14) Detail Notes to Discretely Presented Component Units, Continued

(b) Saratoga County Water Authority, Continued

Property, Plant and Equipment, Net - A summary of the Authority's property and equipment, net, is as follows:

	January 1, <u>2014</u>	<u>Additions</u>	December 31, <u>2014</u>
Land	\$ 1,080,409	-	1,080,409
Land improvements	1,961,969	-	1,961,969
Buildings and improvements	9,305,404	-	9,305,404
Infrastructure	60,417,244	1,393,259	61,810,503
Machinery and equipment	9,294,722	-	9,294,722
Vehicles	148,334	-	148,334
Office equipment and furniture	<u>76,953</u>	<u>-</u>	<u>76,953</u>
	82,285,035	1,393,259	83,678,294
Less accumulated depreciation and amortization	<u>9,782,913</u>	<u>2,569,204</u>	<u>12,352,117</u>
Capital assets in service, net	<u>72,502,122</u>	<u>(1,175,945)</u>	<u>71,326,177</u>
Property, plant and equipment, net	\$ <u>72,502,122</u>	<u>(1,175,945)</u>	<u>71,326,177</u>

Amounts due to the County at December 31, 2014:

Project costs incurred by the County (2003 to 2007), non-interest bearing, due on demand	\$ 3,246,587
Cash advance, June 2007, interest at 4%, due on demand	250,000
Accrued interest on June 2007 cash advance	55,288
Service fee, 2011, interest at 4%	421,328
Accrued interest on service fee	25,280
Service fee, 2012, interest at 4%	1,656,000
Accrued interest on service fee	52,771
Service fee, 2013, interest at 4%	890,000
Accrued interest on service fee	102,936
Service fee, 2014, interest at 4%	900,000
Accrued interest on service fee	<u>172,523</u>
	\$ <u>7,772,713</u>

Although these liabilities are due on demand, the intent of the County and the Authority is to have these amounts paid over a period of time, after the Authority has commenced significant operations. As such, these liabilities have been reported as long-term liabilities in these financial statements.

COUNTY OF SARATOGA, NEW YORK
Notes to Financial Statements, Continued

(14) Detail Notes to Discretely Presented Component Units, Continued

(b) Saratoga County Water Authority, Continued

Revenue Bonds - At December 31, 2014, the Authority has \$46,980,000 outstanding related to Water System Revenue Bonds.

In 2008, Water System Revenue Bonds were originally issued at \$45,000,000 to finance costs incurred in connection with the construction of the Saratoga County Waste Treatment and Transmission Facilities System. The bonds were issued at a premium of \$213,895, and amortized over the life of the bonds. Amortization of the premium began in 2008. Accumulated amortization at December 31, 2014, totaled \$50,625. Interest is payable semi-annually at interest rates ranging from 3% to 5%. Principal payments range from \$445,000 to \$2,470,000 payable annually on September 1. The bonds are secured by future operating revenue of the Authority and mature September 1, 2048.

In 2014, Water System Revenue Bonds of \$4,340,000 were issued to finance costs incurred in connection with the construction of upgrades at the water treatment plant. The bonds were issued at a premium of \$597,206, and amortized over the life of the bond. Accumulated amortization at December 31, 2014 totaled \$6,949. Interest is payable semi-annually on June 1 and December 1, at 5%. Principal payments range from \$70,000 to \$275,000, and are payable annually on June 1. The bonds are collateralized by future operating revenues of the Authority and mature June 1, 2044.

Future debt service payments required on the revenue bond are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
For the year ending December 31, 2015	\$ 525,000	2,281,862	2,806,862
2016	620,000	2,254,913	2,874,913
2017	655,000	2,225,663	2,880,663
2018	680,000	2,193,737	2,873,737
2019	715,000	2,159,613	2,874,613
2020-2024	4,135,000	10,242,162	14,377,162
2025-2029	5,135,000	9,243,056	14,378,056
2030-2034	6,495,000	7,881,313	14,376,313
2035-2039	8,295,000	6,081,187	14,376,187
2040-2044	10,530,000	3,849,788	14,379,788
2045-2048	<u>9,195,000</u>	<u>1,177,250</u>	<u>10,372,250</u>
	46,980,000	<u>49,590,544</u>	<u>96,570,544</u>
Less current installments	<u>525,000</u>		
	46,455,000		
Premium	<u>753,527</u>		
	\$ <u>47,208,527</u>		

COUNTY OF SARATOGA, NEW YORK

Notes to Financial Statements, Continued

(14) Detail Notes to Discretely Presented Component Units, Continued

(b) Saratoga County Water Authority, Continued

Provision for Compensated Absences

All full-time employees meeting certain conditions are provided with vacation, sick pay, and certain other leave credits based on the terms of employment. Accumulated unpaid vacation and compensatory time are accrued when incurred, and are included in accounts payable and accrued liabilities in the statements of net assets, and totaled \$10,781 at December 31, 2014. Sick pay and other leave credits do not vest with the employee and are expensed when paid.

New York State Employees' Retirement System - The Authority participates in the New York State and Local Employees' Retirement System (System). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administration head of the System. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the System and for the custody and control of its funds. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement Systems, 110 State Street, Albany, New York 12244.

Retirement Plan - The Authority participates in the New York State and Local Retirement System, Employees Retirement System program (ERS or the System). This is a cost sharing multiple public employer retirement system. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the System. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the System and for the custody and control of their funds. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, New York 12244.

The required contributions to the System for the current year and two preceding years were:

2014	\$ 94,109
2013	91,171
2012	68,026

The Authority's contributions made to the System were equal to 100% of the contributions required for each year.

COUNTY OF SARATOGA, NEW YORK

Notes to Financial Statements, Continued

(14) Detail Notes to Discretely Presented Component Units, Continued

(b) Saratoga County Water Authority, Continued

Related Party Agreement - Saratoga County Service Agreement - On September 1, 2008, the Authority entered into a Service Agreement (Agreement) with the County. The Agreement will terminate when there is no Service Agreement Revenue Bond. The 2008 Revenue Bond will mature in 2048. The Agreement requires the Authority to construct, operate, and maintain the Saratoga County Water System. The Agreement requires the County to pay a service fee to the Authority based on the annual budget prepared by the Authority. The Authority is to repay the County for any and all amounts paid by the County as a service fee with interest at a rate of 4%. During 2014, the County made a service fee payment of \$900,000.

Commitments and Contingencies - Water Service Agreements - The Authority has entered into eight separate water service agreements with the Clifton Park Water Authority, Town of Ballston, Town of Malta, Town of Moreau, Town of Wilton Water and Sewer Authority, Luther Forest Technology Campus Economic Development Corporation and Global Foundries US, Inc. Terms of the agreements are for the provision of water services and other services as described by the individual agreements. These agreements are for ten years subject to various conditions and qualifying events. 99.9 percent of operating revenue in 2014 is comprised of user fees received by the Authority related to two of the water service agreements.

Postemployment Benefits - The Authority provides for a continuation of medical insurance benefits for eligible retirees that reach age 65 and have 20 years of service. The Authority pays eighty percent of the retiree's medical benefits and contributes towards the cost of eligible spouses during the retiree's lifetime. The spouse is required to pay twenty-five percent of the cost of the benefits following the death of the retired employee. Healthcare benefits are provided through insurance companies whose premiums are based on the benefits provided.

During 2011, the Authority adopted Governmental Accounting Standards Board Statement No. 45 - "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions (GASB No. 45). GASB No. 45 views a postemployment benefit plan as a deferred compensation agreement, whereby an employer promises to exchange future benefits for employees' current services. GASB No. 45 specifies that accounting for these benefits should be determined under an accrual basis, where the expected value of the benefit is actuarially calculated and recognized as a cost over the working lifetime of employees.

Plan Description - The Authority provides health insurance coverage for certain employees and their spouses. The plan provides for continuation of medical insurance benefits for eligible retirees who reach age 65 and have 20 years of service.

COUNTY OF SARATOGA, NEW YORK
Notes to Financial Statements, Continued

(14) Detail Notes to Discretely Presented Component Units, Continued

(b) Saratoga County Water Authority, Continued

Funding Policy - The Authority's benefits are provided through fully insured plans that are sponsored by a regional health insurance group. The Authority pays eighty percent of the retiree's medical benefits depending on the employee group and contributes toward the cost of eligible spouses during the retiree's lifetime, with spouses paying from zero to twenty percent for coverage. The spouse is required to pay twenty-five percent of the cost of the benefits following the death of the retired employee. Currently, the Authority's cost of its postemployment benefits program is determined on a pay-as-you-go basis and is, therefore, unfunded. As of December 31, 2014 and 2013, there are no retirees.

Annual OPEB Cost and Net OPEB Obligation - The Authority's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Authority's annual OPEB cost for the year, the amount of premiums actually paid and changes in the Authority's net OPEB obligation:

Annual required contribution and OPEB expense cost	\$ (269)
Net OPEB obligation, beginning of year	<u>65,353</u>
Net OPEB obligation, end of year	\$ <u>65,084</u>

The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for fiscal years ended December 31, 2014 and 2013, was as follows:

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
December 31, 2014	(\$269)	0.00%	65,084
December 31, 2013	\$26,782	0.00%	65,353

Funded Status and Funding Progress - As of December 23, 2014, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$2,191 and \$537,842 at December 31, 2014 and 2013, respectively, all of which was unfunded.

COUNTY OF SARATOGA, NEW YORK

Notes to Financial Statements, Continued

(14) Detail Notes to Discretely Presented Component Units, Continued

(b) Saratoga County Water Authority, Continued

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far in the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations, and new estimates are made about the future. The schedule of funding progress, presented as required supplemental information at the end of this note, presents whether the actuarial value of plan assets is relative to the actuarial accrued liabilities of benefits.

Methods and Assumptions - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Actuarial computations under GASB No. 45 were provided by the Authority's independent actuaries for the years ended December 31, 2014 and 2013.

The following simplifying assumptions were made:

- Retirement Age for Active Employees - Based on the historical average retirement age for the covered group according to the New York State Retirement System schedule, active plan members were assumed to retire as early as age fifty-five.
- Marital Status - 80% of employees are assumed married, with males spouses assumed to be three years older than female spouse.
- Mortality - Life expectancies were based on RP200 combined mortality tables for Males and Females.
- Termination and Retirement Incidence - Retirement rates for eligible employees range from 5.52% for employees 55 years old to 100% for employees who are 65 or older. Termination rates for reasons other than death or retirement range from 2.63% for employees who are 35 years old or 1.36% for employees who are 50 years old.

COUNTY OF SARATOGA, NEW YORK

Notes to Financial Statements, Continued

(14) Detail Notes to Discretely Presented Component Units, Continued

(b) Saratoga County Water Authority, Continued

- Healthcare Cost Trend Rate - The expected rate of increase in healthcare insurance premiums was based on projections of the Office of the Actuary at the Centers for Medicare and Medicaid Services. A rate of 8% initially, increased to 9% in the next year, and then reduced to an ultimate rate of 5% after four years, was used. The dental trend rate used was 4%.
- Healthcare Insurance Premiums - 2011 health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.
- Payroll Growth Rate - No salary increases were assumed since benefits are not based on compensation.

Based on the historical and expected returns of the Authority's short-term investment portfolio, a discount rate of 4% was used. A percentage unit credit actuarial cost method was used. The unfunded actuarial accrued liability is being amortized on an open basis. The remaining amortization period at December 31, 2014, was twenty-six years.

Risks and Uncertainties - Litigation - The Authority is involved in various lawsuits relating to the construction of the water plant and transmission line, including contractual claims and property condemnation. The Authority intends to defend all these claims vigorously. A summary of the more significant unrecorded claims is as follows:

- The Authority was previously involved in litigation arising out of construction of the Saratoga County Water Treatment and Transmission Facilities Project commenced by landowners claiming damage to several septic systems. The Authority was one of four named defendants. Defendants all moved Supreme Court for dismissal of all claims based upon myriad legal arguments. Supreme Court granted that motion and plaintiffs appealed to the Appellate Division. The Appellate Division upheld the Supreme Court's Orders and the matter has now been finally resolved in the Authority's favor by dismissal of all claims against the Authority in the action.
- A second legal claim arising from construction of the Saratoga County Water Treatment and Transmission Facilities Project is still pending. In that action, landowners claim that the Authority and/or its agents installed its water line on their property rather than in the easement obtained over the neighboring property. This matter is still in discovery and, although settlement has been discussed, no progress has been made.

COUNTY OF SARATOGA, NEW YORK

Notes to Financial Statements, Continued

(14) Detail Notes to Discretely Presented Component Units, Continued

(b) Saratoga County Water Authority, Continued

The Authority is also involved in other suits and claims (possible actions) arising from a variety of sources. It is the opinion of management and counsel that the liabilities that may arise from such possible actions would not result in losses that would materially affect the financial position of the Authority or the results of its operations.

Environmental Risks - Certain facilities are subject to federal, state, and local regulations relating to the discharge of materials into the environment. Compliance with these provisions has not had, nor does the Authority expect such compliance to have, any material effect upon the capital expenditures or financial condition of the Authority. The Authority believes that its current practices and procedures for control and disposition of regulated wastes comply with applicable federal, state, and local requirements.

(15) Concentration of Credit Risk

Financial instruments which potentially expose the County to concentrations of credit risk consist primarily of taxes receivable and tax sale certificates which are secured by property values throughout the County.

Maplewood Manor's patient census includes a large number of patients who are eligible for Federal and State assistance under the Medicare and Medicaid programs. Although the nursing home is directly affected by the financial well being of the State and Federal health care reimbursement programs, management does not believe significant credit risk exists at December 31, 2014.

(16) Accounting Standards Not Yet Implemented

GASB Statement No. 68 - "Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27" replaces existing standards of accounting and financial reporting for pension plans that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts or equivalent arrangements. The requirements of this statement are effective for periods beginning after June 15, 2014, which is the fiscal year beginning January 1, 2015 for the County. Management is in the process of evaluating the potential impact due to the implementation of this statement on the statements of the County.

COUNTY OF SARATOGA, NEW YORK

Notes to Financial Statements, Continued

(16) Accounting Standards Not Yet Implemented, Continued

GASB Statement No. 71 - "Pension Transition for Contributions Made Subsequent to the Measurement Date" addresses an issue regarding application of the transition provisions of GASB Statement No. 68 - "Accounting and Financial Reporting for Pensions." This Statement amends paragraph 137 of GASB Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The requirements of this statement are effective for the same period that the entity implements GASB Statement No. 68. Management is in the process of evaluating the potential impact due to the implementation of this statement on the statements of the County.

GASB Statement No. 72 - "Fair Value Measurement and Application" provides guidance regarding accounting and financial reporting relates to fair value measures of certain investments. The requirements of this statement are effective for periods beginning after June 15, 2015, which is the fiscal year beginning January 1, 2016 for the County. Management is in the process of evaluating the potential impact due to the implementation of this statement on the statements of the County.

COUNTY OF SARATOGA, NEW YORK
Balance Sheet - Non-Major Governmental Funds
December 31, 2014

	County Road <u>Fund</u>	Road Machinery <u>Fund</u>	Employment and Training <u>Fund</u>	Federal Forfeitures <u>Fund</u>	Total <u></u>
Assets:					
Cash and equivalents	\$ 7,559	-	25,046	60,026	92,631
Receivables from other governments	2,216,944	-	-	-	2,216,944
Other receivables, net of allowance for uncollectibles	366,415	-	-	-	366,415
Due from other funds	499,155	436,816	12,719	-	948,690
Total assets	<u>\$ 3,090,073</u>	<u>436,816</u>	<u>37,765</u>	<u>60,026</u>	<u>3,624,680</u>
Liabilities, deferred inflows and fund balances:					
Liabilities:					
Accounts payable and accrued liabilities	1,423,929	172,481	25,212	-	1,621,622
Due to other funds	1,152,527	81,441	-	-	1,233,968
Total liabilities	<u>2,576,456</u>	<u>253,922</u>	<u>25,212</u>	<u>-</u>	<u>2,855,590</u>
Deferred inflows of resources - aggregate deferred inflows	-	-	6,047	-	6,047
Fund balances - reserved for:					
Restricted	-	-	-	60,026	60,026
Assigned unappropriated	513,617	182,894	6,506	-	703,017
Total fund balances	<u>513,617</u>	<u>182,894</u>	<u>6,506</u>	<u>60,026</u>	<u>763,043</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 3,090,073</u>	<u>436,816</u>	<u>37,765</u>	<u>60,026</u>	<u>3,624,680</u>

COUNTY OF SARATOGA, NEW YORK
Statement of Revenue, Expenditures, and Changes in Fund Balances -
Non-Major Governmental Funds
Year Ended December 31, 2014

Revenue:	County Road <u>Fund</u>	Road Machinery <u>Fund</u>	Employment and Training <u>Fund</u>	Federal Forfeitures <u>Fund</u>	<u>Total</u>
Departmental income	\$ -	-	880	-	880
Intergovernmental charges	287,830	-	-	-	287,830
Use of money and property	-	1,176,000	-	16	1,176,016
Fines and forfeitures	-	-	-	162,182	162,182
Sale of property and compensation for loss	478,726	109,233	-	-	587,959
Miscellaneous	30,791	260,836	-	-	291,627
State aid	2,416,511	-	-	-	2,416,511
Federal aid	3,633,532	-	1,072,273	-	4,705,805
Total revenue	<u>6,847,390</u>	<u>1,546,069</u>	<u>1,073,153</u>	<u>162,198</u>	<u>9,628,810</u>
Expenditures:					
Public safety	647,241	-	-	130,168	777,409
Transportation	19,499,432	4,550,495	-	-	24,049,927
Economic opportunity and development	-	-	1,083,810	-	1,083,810
Total expenditures	<u>20,146,673</u>	<u>4,550,495</u>	<u>1,083,810</u>	<u>130,168</u>	<u>25,911,146</u>
Other financing sources - interfund transfers in	<u>12,677,283</u>	<u>2,974,962</u>	-	-	<u>15,652,245</u>
Net change in fund balances	(622,000)	(29,464)	(10,657)	32,030	(630,091)
Fund balance at beginning of year	<u>1,135,617</u>	<u>212,358</u>	<u>17,163</u>	<u>27,996</u>	<u>1,393,134</u>
Fund balance at end of year	<u>\$ 513,617</u>	<u>182,894</u>	<u>6,506</u>	<u>60,026</u>	<u>763,043</u>

COUNTY OF SARATOGA, NEW YORK
Required Supplemental Information
Schedule of Funding Progress
Other Postemployment Benefits

County of Saratoga

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
December 31, 2014	\$ -	223,099,924	223,099,924	0.00%	67,151,956	332%
December 31, 2013	-	213,915,031	213,915,031	0.00%	64,824,129	330%
December 31, 2012	<u>-</u>	<u>324,130,057</u>	<u>324,130,057</u>	0.00%	<u>66,174,183</u>	490%

Saratoga County Water Authority

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
December 31, 2014	\$ -	537,842	537,842	0.00%	316,886	170%
December 31, 2013	-	537,842	537,842	0.00%	316,886	170%
December 31, 2012	<u>-</u>	<u>470,883</u>	<u>470,883</u>	0.00%	<u>277,886</u>	169%